

## **DEBT RECOVERY POLICY**

**Report by Director of Finance & Procurement**

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**Executive Committee**

**13<sup>th</sup> February 2024**

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### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this report is to present the updated Debt Recovery Policy to the Executive Committee for approval.**
- 1.2 The Debt Recovery Policy sets out a framework for providing a fair, consistent and transparent approach to collecting sundry debt ensuring that the Council continues to maximise collection performance.
- 1.3 Appendix 1 contains the Council's Debt Recovery Policy, which has been amended to reflect changes to Council structure, roles and responsibilities, working practices, and an update of Performance Indicators and Targets.

### **2 RECOMMENDATIONS**

- 2.1 I recommend that the Executive Committee approve the amendments to the Debt Recovery Policy (Appendix 1).**

### **3 BACKGROUND**

- 3.1 The Director of Finance & Procurement has responsibility, under Section 95 of The Local Government (Scotland Act) 1973, for the proper administration of the financial affairs of the Council. One such area of administration is that relating to Sundry Debtors.
- 3.2 Council Departments raise invoices to charge the general public or businesses for a range of goods or services, such as rent of industrial property, trade waste collection, residential care charges etc. These charges need to be recovered from the debtor; to do this in a uniform way across the Council a policy is required.
- 3.3 The Debt Recovery Policy was previously approved in August 2021, this is an update in line with changes in Council structure, roles and responsibilities, working practices, and an update of Performance Indicators and Targets

### **4 THE DEBT RECOVERY POLICY**

- 4.1 The Debt Recovery Policy, as shown in Appendix 1, sets out the principles of recovering debt at Scottish Borders Council and will support officers and Members in understanding the purpose and role of sundry debt collection. The Council is required to collect income from private individuals and businesses for a variety of reasons, some statutory, while others may be discretionary or essential for wellbeing. In undertaking this process it is inevitable that the Council will be required to pursue the recovery of arrears from individuals or businesses that may experience difficulty in paying such accounts. An agreed policy of how debts are managed and collected is important in ensuring consistency and best practice.
- 4.2 The policy will apply to all Council departments and will not prejudice any legal action the Council may wish to take in recovery of the debt. It seeks to be 'fair but firm' and the full range of collection and recovery methods will be exercised if debts are not paid. The policy objectives are to collect debt promptly, effectively, efficiently and economically, while ensuring fair treatment of all debtors.

### **5 IMPLICATIONS**

#### **5.1 Financial**

The amendments to this policy should have a positive financial effect as per Performance targets look to improve the income collection rate.

#### **5.2 Risk and Mitigations**

The risks to the Council of not implementing a consistent approach to managing debt and maximising income are high. The current economic conditions and council savings targets cannot be addressed unless an efficient and effective approach to income collection and recovery is embedded across the organisation. Failure to meet these targets may result in the loss of income, services and an increased and unsustainable debt position.

Approval of the updated Debt Recovery Policy, as proposed in this report will enable completion of an Internal Audit recommendation recently made as part of the Sales to Cash audit. Furthermore, the revised policy will form the basis for the SB Learn staff training module to be updated and a formal monitoring process of compliance with policy will be introduced (to address other Internal Audit recommendations within the same Sales to Cash audit) that are designed to improve the clarity of and therefore compliance with the system of governance, risk management and control of debt across the whole Council.

### **5.3 Integrated Impact Assessment**

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine amendment to an existing policy which forms part of the financial governance of the Council. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing this report.

### **5.4 Sustainable Development Goals**

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

### **5.5 Climate Change**

There are no direct carbon emissions impacts as a result of this report.

### **5.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

### **5.7 Data Protection Impact Statement**

It is anticipated that the proposals in this report will have a minimal impact on data subjects and the Data Protection Officer has confirmed that a Data Protection Impact Assessment is not required.

### **5.8 Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

## **6 CONSULTATION**

6.1 The Director (Finance & Procurement), the Director (Corporate Governance), the Chief Officer Audit and Risk, the Director (People Performance & Change), and Corporate Communications and any comments received will need to be incorporated into the final report.

6.2 Others to be consulted if required are –

- External organisations
- Procurement Officer – if you are buying any goods or services.

**Approved by**

**Suzanne Douglas**

**Director of Finance & Procurement**

**Author(s)**

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**Background Papers:** Debt Recovery Policy August 2021

**Previous Minute Reference:** not applicable

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Income and Reconciliation Team can also give information on other language translations as well as providing additional copies.

Contact us at Income & Reconciliation Team, Finance, Scottish Borders Council, Headquarters, Newtown St Boswells, Melrose, TD6 0SA Tel: 01835 824000 Ext 5909 email: [complianceandcontrol@scotborders.gov.uk](mailto:complianceandcontrol@scotborders.gov.uk)