

Corporate Debt

Policy

Document Control

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| **Approval Date** |  |
| **Implementation Date** |  |
| **Policy Number** | POL-C-0013 |
| **Policy Author(s) and Owner** | Phyllis Kennedy |
| **Approval Authority** |  |
| **Scheduled Review** | June 2025 |
| **Date and Changes:**15/06/23 – Previous policy document updated and incorporated into Corporate Template. |

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**1. Why does the Council need this Policy?**

* 1. This document sets out Aberdeen City Council’s policies on Corporate Debt Recover as per audit recommendation. This policy is designed to mitigate the risk of non-collection of monies due to the council by supporting compliance with statutory duties and legislation

1.2 The aim is to maximise income collection to Aberdeen City Council and to minimise the cost of collection, while maintaining and improving the customer experience through collection and recovery.

1.3 The objectives of the integrated income collection and corporate debt recovery policy in achieving that aim are to:

1. Bill, collect and recover charges in an economic, effective and efficient manner that meets with legislation.
2. Encourage people to pay regularly; using the most cost-effective method.
3. Promote early personal contact across all income streams, recognising the need to prevent debts escalating.
4. Identify, where appropriate, support which may be required to those owing money to the Council, and ensure individual circumstances are taken into consideration promoting income maximisation.
5. Facilitate a co-ordinated approach to managing multiple debts owed to the Council, including a single assessment of the ability to pay, where required.

(f) Standardise the approach to debt collection to ensure consistency of approach whilst complying with relevant legal frameworks applying to the different categories of debt.

(g) Seek satisfactory arrangements for payment of debts at all stages of recovery. Where this cannot be achieved; we will take recovery action using the appropriate legal remedies.

1. Apply best practice to debt collection, to ensure all debtors are treated fairly and objectively.
2. Have regard to the requirements of services within the Council including the need to protect vulnerable people and sustain persons in their homes taking account of Council Policies in relation to poverty.
3. The Council will educate customers on the impacts of both Universal Credit and wider Welfare Reform.
4. The Council aims to promote equality of opportunity and tackle discrimination.

**2. Application and Scope Statement**

* 1. This policy applies to:
* All staff, agency staff of the Council
* Elected members and contractors of the Council when involved in administration of collecting monies due.
* Any other person who in any way processes or makes decisions about the collection of monies due.
* Citizens of the City of Aberdeen
* Sheriff Officers
	1. The policy applies to the collection and debt recovery of income streams including:
* Rent
* Council Tax including Water and Waste Water
* Non-Domestic Rates
* Housing Benefit Overpayments
* Discretionary Housing Payment Overpayments
* Former Tenancy Arrears
* Legal Expenses - Rent
* Penalty Charge Notices (Parking)
* Bus Lanes Enforcement Charge Notices
* Service Income
* Business Improvement District

2.3 There are specific procedures and legislation which govern the recovery and collection of specific debts, as detailed in section 4.

**3. Responsibilities**

3.1 This Policy is owned by the Chief Officer, People and Organisation and Development, Customer Experience. Overall governance and responsibilities for this policy are assigned to Revenues and Benefits, any instances of non-compliance or feedback on this Policy can be directed to the Revenues and Benefits Manager.

**4.** **Supporting Procedures and Documentation**

4.1 Related Legislation - The undernoted list of main references is not exhaustive.

4.2 Rent

Rent Procedures

Housing Scotland Act (2001) and (2010)

Guidance for Social Landords on Pre-Action Requirements and Seeking Repossession of Social Housing

4.3 Council Tax, Water and Waste Water Charges

Council Tax, Water and Waste Water charges procedures

Local Government Finance Act 1975

The Council Tax (Administration and Enforcement) (Scotland) Regulations 1992

Scottish Water

4.4 Non-Domestic Rates

Non-Domestic Rates procedures

Local Government (Scotland) Act 1947,1973, 1975

The [Non-Domestic Rates (Scotland) Act 2020](https://www.legislation.gov.uk/asp/2020/4/section/21)  Section 21and subsequent commencement order, [The Non-Domestic Rates (Scotland) Act 2020 (Commencement No. 2, Transitional and Saving Provisions) Regulations 2020](https://www.legislation.gov.uk/ssi/2020/327/contents) which came into force on 1 April 2021

4.5 Housing Benefit Overpayments

Housing Benefit Overpayment procedures

The Housing Benefit Regulations 2006

4.6 Discretionary Housing Payments

Discretionary Housing Payments procedures

The Housing Benefit Regulations 2006

4.7 Former Tenancy Arrears

Rent Management Procedures

Housing Scotland Act (2010)

4.8 Legal Expenses – Rent

Rent Management Procedures

Housing Scotland Act (2010)

4.9 Penalty Charge Notices (Parking)

Penalty Charge Notices (Parking) procedures

[The Road Traffic (Permitted Parking Area and Special Parking Area) (Aberdeen City Council) Designation Order 2003](http://www.legislation.gov.uk/ssi/2003/70/contents/made),

Road Traffic Act 1991

[Road Traffic Regulation Act 1984](http://www.legislation.gov.uk/ukpga/1984/27/contents)

The [Removal and Disposal of Vehicles Amendment (Scotland) Regulations](http://www.legislation.gov.uk/ssi/2002/538/made) 2002

4.10 Bus Lanes Enforcement Charge Notices

Bus Lane procedures

The Bus Lane Contraventions (Charges, Adjudication and Enforcement) (Scotland) Regulations 2011.

4.11 Service Income

Service Income procedures

4.12 Business Improvement District

Business Improvement District procedures

Business Improvement Districts (Scotland) Regulations 2007 legislation

Local BID Levy Policy determined by Aberdeen Inspired.

4.13 Other Legislation

Data Protection

Act of Sedurant

**5. Policy Statement**

5.1 This document details Aberdeen City Council’s policies on Corporate Debt Recovery as there is a legal duty placed on the Council and its Officers to collect monies due.

5.2 This Policy sets out the general principles to be applied in relation to income collection and corporate debt recovery management across all services provided by the Council. The Council collects income from various streams; some of this activity is governed by legislation and others by sound principles of financial management.

5.3 The policy will apply to all Council Services and seeks to be fair but firm; it is essential that all monies due are collected effectively by the Council, and that debt owed to the Council is kept to a minimum. This is because the Council has both a legal duty and a responsibility to its’ customers to ensure that income due is received promptly, and to allow for the re-investment of our income in Council Services.

5.4 Sums due to the Council can be a mixture of statutory and non-statutory charges. The methods for billing, collection and recovery of the statutory debts are tightly prescribed by statute. Our recovery practices take account of this diversity.

5.5 An effective debt management process is critical to the delivery of the Council objectives. This policy will be underpinned by the creation and maintenance of a clear framework setting out a consistent and sensitive approach to collecting debt, whilst at the same time ensuring the Council continues to maximise collection performance. A full range of recovery methods will be used as appropriate if debts are not paid.

5.6 It is inevitable that the Council will be required to pursue the recovery of debts from people and or businesses experiencing difficulty in paying such accounts. An agreed policy of how the Council manages and collects debts is therefore essential to ensuring consistency and best practice in such situations.

5.7 A customer may appeal against any decision on liability only and must continue to pay the amount due without prejudice pending a decision.

However, with respect to Penalty Charge Notices (Parking) and Bus Lanes Enforcement Charge Notices, payment should not be made until the outcome of the appeal is known.

5.8 General Principles

5.8.1 Ensure all customers receive fair and equal treatment regardless of disability, gender, age, race, ethnic or national origin, religious belief, marital status or sexual orientation.

5.8.2 Ensure that customers are advised of the amounts due and the date(s) by which they should be paid at the earliest opportunity and in a clear and concise fashion.

5.8.3 Provide information on how to get assistance on every bill or invoice that is issued to afford customers the opportunity to address any potential concerns at the earliest opportunity.

5.8.4 Where non-payment will/may lead to customer incurring additional charges the customer will be notified.

5.8.5 When dealing with Income Collection and Debt Recovery, the Council will follow the principles outlined below:

(a) Our action will be proportionate to the amount and frequency of the debt.

(b) Our approach will be consistent and transparent.

(c) We will be firm and fair with each customer.

(d) Our manner will be courteous.

(e) We will encourage the customer to make early contact in respect of debt related matters.

(f) We will take the current economic climate and individual financial circumstances into account.

(g) We will write in plain English.

(h) We will provide assistance for people who have language or sensory communication difficulties.

(i) We provide appropriate support to any customer who requires further assistance.

(j) Where disputes arise, these will be investigated fairly and timeously with outcomes explained.

(k) We will respect and protect the customer’s rights throughout the process.

5.8.6 We will resolve debt problems pro-actively at the earliest opportunity to help customers to maximise their income and alleviate financial hardship.

5.8.7 We will take a firm but fair approach to recovery and enforcement, offering help and support to all customers experiencing financial difficulties at each stage of the collection and recovery process.

5.8.8 Wherever possible, we will seek solutions, so the customer is better able to manage their finances and meet future liabilities. We will provide benefit and debt advice where appropriate, and thereafter, if necessary refer the customer to third parties for specialist Money Advice, such as Aberdeen City Council, Financial Inclusion Team, Shelter and Citizens Advice Bureau.

5.8.9 There may be instances where court action will be taken against the debtor specific to each income stream in terms of legislation.

For Council owned properties, court action may also include eviction proceedings. If necessary the Council will refer the customer to third parties for specialist advice, such as Shelter.

5.8.10 Aberdeen City Council may appoint Debt Collection and Sheriff Officer Service to assist in recovering outstanding debt where it has been unable to enter into any repayment schedule with the customer. This will be carried out in compliance within the procedure and legislation covering each debt stream.

5.9 BANKRUPTCY/LIQUIDATION

5.9.1 In certain circumstances, and if sufficient assets exist to meet the outstanding debt the Council will petition for Bankruptcy or Liquidation. This is usually to be utilised as a last resort, where other methods of recovery are considered inappropriate or have failed.

5.10 HIERARCHY OF DEBT

5.10.1 In the first instance an agreement will be sought from the customer to maintain current/future payments for liabilities.

5.10.2 Where arrears have accrued for more than one income stream then one affordable arrangement will be sought, in the following order:

* Rent
* Council Tax including Water and Waste Water
* Non-Domestic Rates
* Housing Benefit Overpayments
* Discretionary Housing Payments
* Former Tenancy Arrears
* Legal Expenses - Rent
* Penalty Charge Notices (Parking)
* Bus Lanes Enforcement Charge Notices
* Service Income
* Business Improvement District

5.10.3 For Council house tenants, the aim is to support and sustain their tenancy, by prioritisation of rent payments while at the same time allowing other Council debts to be reduced.

5.10.4 The above hierarchy of debt may be varied depending on the amount of debt for each income stream and where Aberdeen City Council considers the repayments could be more fairly apportioned, as agreed with the customer.

5.10.5 Where a payment arrangement is in place and only partially paid, Rent and Council Tax will take priority over other debt types.

5.10.6 Where the payment arrangement is not maintained and where re–negotiation has failed, then Aberdeen City Council will pursue each debt using the recovery methods, procedures and legislation applicable to that income stream.

5.10.7 If at any stage, the customer enters into a new payment arrangement with the Council the recovery process will be suspended, but any statutory penalties already applied will remain.

5.10.8 Housing Benefit overpayments will be recovered in accordance with the relevant statutory provisions operated by the Department for Work and Pensions (DWP).

5.11 OFFSET OF CREDIT AGAINST DEBT

5.11.1 The Council will adopt a corporate approach to refunding credits or making payments, in that wherever possible checks will be made for other outstanding debts due to the Council, prior to a refund or payment being made.

5.11.2 Where these checks identify outstanding debts, we will advise the customer that the credit will be offset first against debts due to the Council.

5.12 REFUNDS

5.12.1 Where there is a credit on a customer’s account and there are other outstanding debts due to the Council, the credit will be offset to pay the debts. Thereafter, if there is still a credit, a refund will be given.

5.12.2 Refunds will normally be paid by BACS transfer or only exceptionally by cheque.

5.13 WRITE OFFS

5.13.1 The writing off-of debts should be followed in accordance with the Council’s Financial Regulations guidelines and procedures.

**6. Risk**

6.1 **Compliance Risks**

This Policy will reduce the risk of non-compliance with legislation, statutory and non- statutory charges relating to monies due to the Council.

6.2 **Financial Risks**

The Risk to the Council is the non-collection of income due to the Council. This Policy reduces the risk by detailing how recovery of income will be maximised.

**7. Environmental Implications**

* 1. There are no environmental implications arising from this policy.

**8. Policy Performance**

8.1 This policy supports the collection of various income streams, and these will be monitored within each Cluster’s Management, which are:

* Customer Experience
* Early Intervention and Community Empowerment
* Finance
* Operations and Protected Services

8.2 The Key reporting measures which are reported to committee are:

* Council Tax cash collected.
* Gross rent arrears as a percentage of rent due.

8.3 Council Tax collection is an annual Statutory Performance indicator as is Rent collection. Rent collection is also reported to Housing Regulator.

**9. Design and Delivery**

9.1 This policy supports the collection of income due to the Council, these sources of income support the Local Outcome Improvement Plan by providing the income to the Council.

**10. Housekeeping and Maintenance**

10.1 This policy will be reviewed bi- annually and or when there are legislative changes and updates, the policy will be amended.

**11. Communication and Distribution**

* 1. The Corporate Debt Recovery Policy will be shared and cascaded to staff to remind them of their role and responsibility for collection of income for the Council.
	2. A copy of the Policy will be available on the intranet to support staff within their specific role and will also be kept along with their procedures.

11.3 A copy will also be available on the Council’s website for customers and any stakeholders.

**12. Information Management**

12.1 Information generated by the application of the policy will be managed in accordance with the Council’s Corporate Information Policy and supporting Procedures.