

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	City Growth and Resources Committee
<b>DATE</b>	27 November 2018
<b>REPORT TITLE</b>	Corporate Debt Recovery and Service Income Policies
<b>REPORT NUMBER</b>	RES/18/259
<b>DIRECTOR</b>	Steven Whyte
<b>CHIEF OFFICER</b>	Jonathan Belford
<b>REPORT AUTHOR</b>	Carol Smith
<b>TERMS OF REFERENCE</b>	1.2

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek Committee approval of the Corporate Debt Recovery Policy that clarifies the approach to overall debt management in the council and the Service Income Policy that covers statutory and discretionary income (fees and charges) received for goods and services provided by the council.

### 2. RECOMMENDATION(S)

It is recommended that the City Growth and Resources Committee:-

- 2.1 Approve the Corporate Debt Recovery Policy in Appendix 1 to this report;
- 2.2 Approve the Service Income Policy in Appendix 2 to this report; and
- 2.3 Approve that the policies be implemented from 1<sup>st</sup> January 2019.

### 3. BACKGROUND

- 3.1 Best practice shows that a Corporate Debt Recovery Policy helps to clarify the approach to overall debt management in the council. Within that policy, Council Tax, Rent and Business Rate debt are covered by specialist legislation and guidance, and Service Income requirements are less prescriptive. Therefore, it has been considered due to the variety and autonomy afforded the council over setting and recovering charges of this nature, that a separate policy is required.

## 3.2 Corporate Debt policy

3.2.1 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; recovery of debt such as rent, council tax and NNDR are governed more fully by legislation and other debt by sound principles of financial management.

3.2.2 This policy sets out the following:

- The purpose, objectives and scope of the corporate debt policy
- The detailed principles and hierarchy of debt
- Specific policies relating to bankruptcy, liquidation, refunds and write offs
- Appendices highlighting collection and recovery arrangements in respect of each income stream.

## 3.3 Service Income policy

3.3.1 The Service Income Policy seeks to clarify existing process and move towards a more consistent evidence-based approach to charging. It sets out additional measures to recover debt such as the principle of moving to up-front payment and the option of stopping services. Due to implementation timescales for technology, legislation and residual debt, collection of service income in arrears will still be required for a minimum of 2-3 years.

3.3.2 These measures are required to support financial stewardship and also as a considered form of inclusion - since non-payers may well be benefitting to the detriment of payers - and non-payers are not always those in most financial hardship.

3.3.3 Charging for local services makes a significant contribution to council finances. Charging also influences individuals' choices and behaviours, that may bring other benefits to local communities.

3.3.4 This policy sets out the following:

- The purpose and objectives of charging for council services
- Responsibilities of officers to comply with the policy
- A more structured approach to setting charges, concessions and subsidies - related to recovering cost of services, and the outcomes/priorities derived from those services
- Specific roles and responsibilities for administering charges
- An Appendix setting out details of the administration of charges including:
  - Raising new charges
  - Collection methods and encouragement of digital payment
  - Record keeping
  - Dealing with specific matters such as dispute, refunds and the option to stop services

- Reporting
- Recovery

#### 4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

#### 5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

#### 6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
<b>Financial</b>	If the policy is not implemented then there is a risk our reducing financial resources are not directed to outcomes.	M	All staff and Elected Members advised of new policy and given guidance to implement the policy.
<b>Legal</b>	None identified		
<b>Employee</b>	None identified		
<b>Customer</b>	There is a risk that the customer benefit from the council is compromised if resources are misdirected through ineffective charging.	L	All staff and Elected Members advised of new policy and given guidance to implement the policy.
<b>Environment</b>	None identified		
<b>Technology</b>	There is a risk that availability of technology reduces options to maximise effectiveness income collection.	M	Situations of lack of availability of technology are reported and actioned.
<b>Reputational</b>	There is a risk of reputational damage if	M	All staff and Elected Members advised of new

	the charging policy seems ineffective.		policy and given guidance to implement the policy.
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## 7. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	Effective decision making in debt recovery and setting charges could impact on the economy of the city.
<b>Prosperous People</b>	Effective decision making in debt recovery and setting charges could impact the prosperity of individuals in the city.
<b>Prosperous Place</b>	Effective decision making in debt recovery and setting charging could impact the place of Aberdeen by encouraging use of facilities and ensuring cost recovery and income generation enables resources to be directed to priority outcomes.
<b>Enabling Technology</b>	Recognising the benefit of digitisation to support efficient effective charging and income collection will improve how technology is enabled for staff and citizens.

<b>Design Principles of Target Operating Model</b>	
	<b>Impact of Report</b>
<b>Customer Service Design</b>	Debt recovery and service income policies should be aligned to networking, communication and learning opportunities that support customer service design e.g. early intervention and prevention, data management and are aligned to good customer service.
<b>Organisational Design</b>	Debt recovery and service income collection staff resource should be aligned to effective organisational design e.g. a customer centric approach and ensure accountability of resource use.
<b>Governance</b>	Debt recovery and service income collection should align with principles of good governance.
<b>Workforce</b>	Staff resource for debt recovery and income management should align with workforce principles e.g. flexibility and empowerment.
<b>Process Design</b>	Income recovery processes should be effective in enabling the most cost efficient method to be used.
<b>Technology</b>	Income recovery should maximise effective use of technology.

<b>Partnerships and Alliances</b>	Income recovery should maximise the opportunity benefit of partnering e.g. consultation, shared charging policies
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## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	The intention of this policy is to put in place an approach to more consistently consider equalities in respect of service income charges. There are no equalities or human rights implications of this report. Equalities impacts of any changes to charging policy in practice would be identified through the committee reports for budget setting as set out in the principles for charging Appendix 2 section 3.2.
<b>Privacy Impact Assessment</b>	Not Required
<b>Duty of Due Regard / Fairer Scotland Duty</b>	The intention of this policy is to put in place an approach to more consistently consider the Duty of Due Regard and Fairer Scotland Duty in respect of service income charges. There are no direct implications in this report. Duty of Due Regard/Fairer Scotland duty impacts of any changes to charging policy in practice would be identified through the committee reports for budget setting as set out in the principles for charging Appendix 2 section 3.2.

## 9. BACKGROUND PAPERS

## 10. APPENDICES (if applicable)

Appendix 1 – Debt Recovery Policy  
Appendix 2 – Service Income Policy

## 11. REPORT AUTHOR CONTACT DETAILS

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