

# The Highland Council

Agenda Item	<b>6</b>
Report No	<b>RES/12/25</b>

**Committee:** Corporate Resources

**Date:** 5 June 2025

**Report Title:** Corporate Debt Management Policy

**Report By:** Assistant Chief Executive – Corporate

## 1. Purpose/Executive Summary

- 1.1 While a high proportion of the Council's overall spending is supported by means of Scottish Government grant, Council services are also funded through taxes and a range of statutory and non-statutory service charges. Households and businesses have a responsibility to pay for the services they receive, and for the generality of services provided by The Highland Council.
- 1.2 It is important that monies due to the Council are actively pursued. This report sets out the Council's Corporate Debt Management Policy, including the general debt principles to be applied in doing so, while ensuring the individual circumstances of each debtor are considered and considered.

## 2. Recommendations

- 2.1 Members are asked to:
- i. Consider and **note** the contents of this report; and
  - ii. **Approve** the Council's Corporate Debt Management Policy.

## 3. Implications

- 3.1 **Resource:** Resource implications are detailed throughout the Corporate Debt Management Policy as detailed at **Appendix 1** to this report.
- 3.2 **Legal:** All recovery actions are undertaken in accordance with the relevant legislation.
- 3.3 **Risk:** Although the Council has a positive track record in collecting income, including fees and charges, there is a risk that collection rates could come under greater pressure, especially for customers experiencing financial challenge. The Corporate Debt Management Policy ensures that the individual circumstances of customers are considered when deciding the most appropriate course of actions.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** There are no implications arising as a direct result of this report.

3.5 **Gaelic:** There are no implications arising as a direct result of this report.

#### 4. Impacts

4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.

4.3 An Integrated Impact Assessment screening has been undertaken and the conclusions have been subject to the relevant Manager Review and Approval.

4.4	Impact Assessment Area	Conclusion of Full Assessment
	Equality	<b>Sex:</b> Positive, Negative <b>Age:</b> Positive, Negative <b>Disability:</b> Positive, Negative <b>Religion or belief:</b> No impact <b>Race:</b> No impact <b>Sexual orientation:</b> No impact <b>Gender reassignment:</b> No impact <b>Pregnancy and maternity:</b> Positive, Negative <b>Marriage and civil partnership:</b> Positive, Negative
	Vulnerable groups	<b>Unemployed:</b> Positive, Negative <b>Lone parent families:</b> Positive, Negative <b>Young children:</b> Positive, Negative <b>Older people:</b> Positive, Negative <b>Homeless:</b> No impact <b>Looked after children:</b> No impact <b>Low-income households (in-work poverty):</b> Positive, Negative
	Human Rights	No impact
	Children's Rights and Well-being	No impact
	Island and Mainland Rural	No impact
	Climate Change	No impact

- 4.5 The screening identified that it is necessary to complete a Full Impact Assessment. This Assessment is available at the following link:  
[https://www.highland.gov.uk/downloads/file/30358/full\\_impact\\_assessment\\_-\\_corporate\\_debt\\_management\\_policy](https://www.highland.gov.uk/downloads/file/30358/full_impact_assessment_-_corporate_debt_management_policy).

## **5. Background**

- 5.1 The Highland Council's Revenues & Commercialisation section within the Corporate Cluster is responsible for the strategic and operational management of the General Fund corporate income and debt collection approaches for a range of domestic and non-domestic taxation, and statutory and non-statutory service charges which are due to be paid to the Council. Maximising income collections from the Council's core income streams is also a key responsibility. These include:
- Administration in excess of £206m Council Tax;
  - Administration in excess of £61m for water and sewerage (on behalf of Scottish Water);
  - Administration in excess of £232m Non Domestic rates;
  - Administration in excess of £99m statutory/non-statutory service charges.
- 5.2 This policy will also apply to new income streams implemented. Amounts due to the Housing Revenue Accounts are managed through the Place Cluster and the relevant Strategic Committee.

## **6. Policy**

- 6.1 This policy aims to recognise the financial responsibilities of the Council and the wellbeing of our customers, whilst acknowledging that failure to recover monies due, directly impacts the Council's ability to provide key services. The Highland Council's corporate debt management approach includes consolidating all General Fund debts due to be paid by an individual or other legal entity (e.g. business) when undertaking enforcement and diligence activities.
- 6.2 This Policy applies to the collection of:
- Council Tax;
  - Non-Domestic Rates;
  - Sundry Debts;
  - Housing Benefit and Council Tax Reduction overpayments;
  - Overpaid Council salaries;
  - Fees and charges for Council services;
  - Business Improvement District levies; and
  - Levies and new income streams.

- 6.3 Budget Holders are responsible for the monies due to be paid to the Council including:
- ensuring that payment is received upfront from customers prior to providing goods or services, where there a suitable payment method which enables payments to be received;
  - where payment facilities are not available, ensuring a Sundry Debtor invoice is raised which details information about the services or goods provided;
  - where a customer has accrued arrears, and no payment plan is in place, the customer must pay in advance of receiving future services or goods;
  - ensuring that all documentation that relates to a charge is retained safely and securely.
- 6.4 To support Budget Holders to monitor their outstanding debt, an aged debt dashboard has been developed within the CiA financial system. Each month Budget Holders receive a report detailing a variety of information including the age of the outstanding debt, recovery stage of debt and by debtor. An example of an aged debt dashboard report can be found at Appendix 2 of this report.
- 6.5 There is a legal duty placed on the Council to collect outstanding debts. Therefore, this Policy must be read in conjunction with the relevant legislation (and as amended), the Council's Financial Regulations and the Scheme of Delegation.
- 6.6 The Income and Recovery (I&R) Team within the Revenues and Commercialisation section of the Corporate Cluster has corporate responsibility for General Fund income collection, recovery and debt management activities.

Designation: Assistant Chief Executive – Corporate

Date: 15 May 2025

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Appendices: Appendix 1 - Corporate Debt Management Policy  
Appendix 2 - Example of Budget Holder CiA monthly agreed debt report

# **Corporate Debt Management Policy**

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## **1. Overview**

- 1.1 The Highland Council's Revenues & Commercialisation section within the Corporate Cluster is responsible for the strategic and operational management of General Fund debts due to be paid to the Council and for maximising income collections from the Council's core income streams. This policy will also apply to new income streams implemented. Amounts due to the Housing Revenue Accounts are managed through the Place Cluster and the relevant Strategic Committee.
- 1.2 While a high proportion of the Council's overall spending is supported by means of Scottish Government grant, Council services are also funded through taxes and a range of statutory and non-statutory service charges. Households and businesses have a responsibility to pay for the services they receive, and for the generality of services provided by The Highland Council. It is important that monies due to the Council are actively pursued; this policy sets out the general debt principles to be applied in doing so, while ensuring the individual circumstances of each debtor are considered and taken into account.
- 1.3 The Council also recognises there may be circumstances where our customers are suffering hardship and need help and advice. In these circumstances the Council advocates an emphasis on early intervention and prevention with the aim of preventing businesses and people from reaching crisis points wherever possible. Encouraging engagement at an early stage is important.
- 1.4 The Council is committed to treating customers consistently and fairly and to providing suitable support wherever it is appropriate, for example assisting customers to engage with advice and information services and to access funds that may be available to alleviate hardship.

## **2. Policy Objective**

- 2.1 This policy aims to recognise the financial responsibilities of the Council and the wellbeing of our customers, whilst acknowledging that failure to recover monies due, directly impacts the Council's ability to provide key services. The Highland Council's corporate debt management approach includes consolidating all General Fund debts due to be paid by an individual or legal entity for example, business when undertaking enforcement and diligence activities.
- 2.2 The Highland Council is committed to promoting support including signposting customers who owe money to the Council, to appropriate services and organisations to help maximise the take-up of available reliefs, discounts or benefit entitlements. This support includes the Welfare Support Team, Citizens Advice and any other external agencies as appropriate.
- 2.3 Early engagement is essential when a customer does not pay their accounts on time. In the event that the customer does not engage with the Council or does not have a payment plan in place, the Council will refer such cases to the Sheriff Officer to undertake due diligence and use a range of collection strategies. When the Sheriff Officer has been unable to collect outstanding monies, e.g. by agreeing an affordable payment with the customer, the Council will consider undertaking further legal proceedings, when all other options have been exhausted.
- 2.4 The Income and Recovery (I&R) Team within the Revenues and Commercialisation section of the Corporate Cluster has corporate responsibility for General Fund income collection, recovery and debt management activities.

### 3. Scope

3.1 There is a legal duty placed on the Council to collect outstanding debts for example in accordance with the Council Tax (Administration and Enforcement) (Scotland) Regulations 1992 and the Local Government (Scotland) Act 1947. Therefore, this policy **must** be read in conjunction with the relevant legislation (and as amended), the Council's Financial Regulations and the Scheme of Delegation.

3.2 This Policy applies to the collection of:

- Council Tax;
- Non-Domestic Rates;
- Sundry Debts;
- Housing Benefit and Council Tax Reduction overpayments;
- Overpaid Council salaries;
- Fees and charges for Council services;
- Business Improvement District levies; and
- Levies and new income streams.

### 4. Debt Management Principles

4.1 The Council's debt management principles are detailed below and supplement the Financial Regulations and Scheme of Delegation. The principles are detailed as follows:

- **Proportionate:** while complying within the applicable legal frameworks, the Council will undertake an appropriate approach to the recovery of debt, ensuring there is an appropriate balance between the potential loss of income to the Council, recovery costs and emerging impacts arising from recovery actions. This may include for example welfare, social care, housing or the wider community.
- **Consistent:** the Council aims to achieve consistency in the advice it gives, the use of its powers and the recovery procedures adopted. Council officers will take account of the wellbeing circumstances of the customer, the customer's payment history and their ability to pay.
- **Transparent:** the Council will set out what is expected of customers and what they should expect from the Council, including the requirements for taking debt recovery action. The Council promotes early intervention when undertaking recovery action with the aim of preventing debts becoming unmanageable for the customer.
- **Credits/Debits:** the Council will ensure any outstanding credits or debits are legally applied to a customer's account prior to the commencement of recovery action. For example:
  - If a customer owes money to the Council but this is less than any funds due from the Council, with their agreement, this will be offset against what is owed and the net balance refunded.
  - If a customer owes money to the Council that is greater than any funds due to them by the Council, these funds will be used to reduce the amount owed where this is permitted, and the customer will be contacted to agreement payment of their outstanding balance.
- **Appropriate:** the Council will apply legislative and statutory charges/fees and recover from the customer any such costs due to the Council or its agents. It is the



policy of the Council to only cancel payment charges/fees where there has been an administrative error by the Council.

## **5. Roles and Responsibilities**

- 5.1 Budget holders are responsible for the monies due to be paid. In the event that debts remain unpaid, the Council's Recovery Team is responsible for undertaking recovery actions involving legal enforcement and diligence, and when dealing with multiple debts, considering the person's circumstances, legislation, the level of debt and the potential for financial hardship.
- 5.2 This Corporate Debt Management Policy, legislation, the Financial Regulations, complementary third-party collection arrangements and the Scheme of Delegation inform the management of multiple debts.

## **6. Methods of Payment**

- 6.1 The Council recognises that the easier it is to pay, the more likely that payment will be made and the less likely that debts will accrue. The Council's preferred payment method is for low-cost payment options that provide a high degree of accuracy, certainty, and predictability, while providing protections for those making payments. On that basis, the Council's preferred payment method is Direct Debit.
- 6.2 However, to provide our customers with the greatest flexibility a range of payment types appropriate to the debt type and size is offered. Customers can use a mixture of payment methods and channels for different services including debit/credit cards, standing orders and other electronic banking methods, such as online internet banking and touch tone telephone payments.

## **7. Performance Monitoring**

- 7.1 The Council recognises that prompt recovery action is essential for effective debt management. The Council will:
- regularly monitor the level and age of its debt;
  - have written recovery procedures;
  - assess each debtor's circumstances;
  - evaluate recovery methods.
- 7.2 To ensure the Corporate Debt Management Policy achieves its objectives a range of indicators has been developed to monitor performance.
- 7.3 The Council recognises that failure to achieve income and collection targets has financial and service consequences. Performance will be reviewed on a monthly basis and reported to Corporate Resources Committee on a quarterly basis.

## **8. Debtors**

- 8.1 The Council will make every effort to support customers to manage their Council debts and will engage with relevant welfare and debt agencies where appropriate.
- 8.2 The Council's Welfare Support Team offers free, independent and confidential advice and representation on benefits and welfare for people living in the Highland area. The Welfare Support Team can identify all relevant entitlements, completing forms and appealing

assessments. The Welfare Support Team can be contacted by calling 0800 090 1004 or at [welfare.support@highland.gov.uk](mailto:welfare.support@highland.gov.uk).

- 8.3 The Council also contracts Citizens Advice to provide a holistic and quality advice service within the Highland Council geographical area. This advice is confidential, impartial and free of charge at the point of use to residents and includes advice around rescheduling existing debts, bankruptcy and steps that can be taken to reduce the likelihood of getting into debt. Further information on agencies providing welfare benefits and debt advice is published on the Council's website.
- 8.4 The Council is also responsible for the management and administration of various benefits and support funds for the residents of the Highland Council area. This includes the Scottish Welfare Fund, a discretionary scheme which provides two types of grants, Community Care Grants and Crisis Grants. The Scottish Welfare Fund team can be contacted on 0800 083 1887. Further information is available on the Council's website.
- 8.5 Where a customer has multiple General Fund debts due to the Council, the Revenues & Commercialisation section will consolidate those debts into a single debt amount, which is then pursued. Referral pathways are also in place to ensure customers can be supported by the Council's Welfare Support team to help address their arrears and to ensure that they receive all entitlements that are due, which has the positive impact of reducing payments going forward.
- 8.6 There is close liaison with Council teams and budget holders to determine current payment responsibilities, the relative priority of debts due to be paid and repayment of debts. In such cases the Recovery Team will be responsible for managing these debts and for deciding the most appropriate debt management actions. Budget holders will ensure that supporting information required for pursuing debts will be provided to the Recovery Team following a request for such information.

## **9. Budget Holder Responsibilities**

- 9.1 Budget Holders are responsible for ensuring that all documentation that relates to a charge is retained safely and securely and to make this documentation available to the Recovery Team when requested. Where a case involves legal action to recover the sums due to the Council, then Budget Holders will provide the necessary information and support to the ultimate recovery of the debt(s).
- 9.2 Budget Holders are responsible for ensuring that payment is received upfront from customers prior to providing goods or services, where there is a suitable payment method which enables payments to be received. This is the Council's default position.
- 9.3 Where payment facilities are not available, Budget Holders are responsible for raising a Sundry Debtor invoice, which should record detailed information about the services/goods that have been provided. Raising an invoice has the effect of creating a debt due to be paid to the Council.
- 9.4 Budget Holders are responsible for ensuring any customer who has accrued arrears, and has no payment plan in place, must make payment in advance prior to receiving future services/goods from the Council.
- 9.5 As detailed at Section 5, the Recovery Team is responsible for ensuring that Reminder Notices and further recovery actions are taken to recover unpaid sums that are overdue.

## **10. Equalities and Diversity**

10.1 The Council will ensure that the provisions outlined within this Corporate Debt Management Policy are accessible to everyone and that customers are treated fairly, consistently, and with impartiality. The Council will:

- ensure that all relevant equality standards are being met; and
- communicate with customers using plain language.

## **11. Confidentiality**

11.1 The Council will ensure that all information about customers' personal and/or financial circumstances is dealt with in the strictest of confidence and in accordance with the Data Protection Act 2018 (and as amended), and any other statutory functions, duties and responsibilities of the Council.

## **12. Segregation of Duties**

12.1 The Council will ensure that income and debt recovery transactions are governed by robust controls, with clear segregation of duties. Financial decisions will be made by identified officers and reviewed by appropriate managers. These arrangements are detailed in the Council's Financial Regulations and Scheme of Delegation.

## Financial insights

THC - Budget Holder Financial Insights

Financial Insights

- Revenue Monitoring
- Payroll Costs
- Aged Debt**
- Capital Monitoring
- My Tasks

Useful Links for Budget Holders

- My View
- CIA Financials Resources
- Council Budget Papers (February 2024)
- Aged Debt**
  - Email Recovery Team
  - Financial Regulations - Issue of Debtors Accounts - Instruction Note
  - Aged Debt Dashboard Guidance**

How to use the Financials Insights Dashboard

This dashboard contains financial information on the ledger codes within your remit as budget holder. Please navigate around the dashboard using the links on "Financial Insights" menu to review income & expenditure.

**Revenue Monitoring**  
This Dashboard displays budget and actual information for revenue codes including the facility to drilldown & view details of individual transactions. Budget holders are reminded to only commit expenditure that is essential to the delivery of services.

**Payroll Costs**  
Displays details of actual payroll costs both at summary level, to facilitate trend analysis, as well as individual employee level costings.

**Aged Debt**  
This dashboard details outstanding sundry debt invoices raised in your name, for which you are responsible. Any questions on how to use this dashboard should be raised with sundry.debtors@highland.gov.uk

**Capital Monitoring**  
This dashboard displays budget and actual information for capital codes including the facility to drilldown & view details of individual transactions. Budget holders are reminded to only commit expenditure for projects within the approved capital programme.

**My Tasks**  
Click on this link to action any outstanding approvals etc assigned to you.

## Budget Holders instructions/help

Aged Debt guidance [note](#)

Aged Guidance [video](#) (includes how to review the detail).

## Dashboard

**Filters**

- Age for debt (greater than 60 days in this example)
- Stage of Recovery
- By debtor

**Value Total debt**

**Detail of total debt**

**Aged Debt Budget Manager Accounting**

Total debt: [Value]

Age: [Filter]

Note type (Stage of Recovery): [Filter]

Debtor Accounts: [Filter]

Revenue Type	Reference	Status	Document Description	Amount	Revenue Name	Debtor Type	Outstanding To	Outstanding from	Transaction Date	Run Date	Payment	Note Type	Query Filter	Recovery Information	Note Created By	Recovery Date	Account Number
Revenue Type	1000000001	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000002	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000003	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000004	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000005	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000006	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000007	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000008	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000009	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director
Revenue Type	1000000010	Revenue L	Revenue L	100.0000	Revenue L	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director	10 Revenue Director

**Aged of debt summary**

**Top 10 debtor summary**

**Stage of recovery summary**