

Audit Committee – 27 September 2012

## 8. Debt Recovery Policy

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### Purpose of the Report

This report requests that members of the Audit Committee recommend the Debt Recovery Policy to District Executive for approval and adoption.

### Recommendations

That the:

1. Audit Committee are asked to support the attached Debt Recovery Policy;
2. Audit Committee are asked to recommend to District Executive the attached Debt Recovery Policy.

### Background

South Somerset District Council has a duty to ensure cost effective billing, collection and recovery of all sums due to the Council.

Effective debt management is crucial to the success of any organisation. The Council needs an effective policy to support the maximisation of debt collection in an efficient, consistent and sensitive manner.

The Debt Recovery Policy sets out the general principles South Somerset District Council will apply to debt management across all services we provide.

Below is a table showing that the value of short-term debtors has remained consistently high over the last three years.

	2009/10 £'000	2010/11 £'000	2011/12 £'000
Short term debtors	6,856	6,180	5,122

### The Debt Recovery Policy

This policy is intended to provide a framework to manage departmental debts and implement effective processes to recover outstanding debts in a consistent manner across the authority.

Prior to this policy there has been no explicit instructions on the recovery of debt apart from minimal reference within the financial procedure rules. This policy will enable managers and officers to comply further.

Debt recovery must be made a priority by all Managers/Officers in order to reduce the level of debt within the authority. Managers need to be aware that this may require a reshuffle of resources in order for them to take responsibility of debt within their services.

This policy has been put together in consultation with the highest system users and services with the most debt to ensure the policy is workable from the outset. There will be some training required in order to implement the policy.

### **Policy Aims**

The key aims of this policy are as follows:

- To ensure a professional and timely approach to recovery action;
- To consider fully the debtors circumstances and ability to pay and so distinguish between the debtor who won't pay and the debtor who genuinely can't pay;
- To treat individuals consistently and fairly regardless of age, gender, disability and sexual orientation;
- To promote a coordinated approach towards sharing debtor information and managing multiple debts owed to the Council;
- To improve the levels of income collected by the Authority;
- To balance the potential loss of income to South Somerset District Council against the costs of compliance.

### **Financial Implications**

There are no direct financial implications in approving this policy but once implemented the level of short term debtors should reduce thus improving cashflow.

**Background Paper:** *Debt Recovery Policy*  
*Financial Procedure Rules*

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