



Wimblington & Stonea
Parish Council

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Policy Document: Debt Recovery Policy

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Introduction

The Purpose of this document is to define and describe the Debt Recovery Policy that has been adopted by Wimblington & Stonea Parish Council.

This policy document will be reviewed by members of Wimblington & Stonea Parish Council and updated or amended where necessary.

Overview

This policy sets out the Debt Recovery Policy for the Council.

Its purpose is to set out working practices to ensure that all sundry debts and income of the Council are managed, administered and collected in a transparent, efficient and cost-effective manner.

In delivery of this policy, the Parish Council will also comply with ethical best practice, and legislative requirements, appropriate to each individual debt, or debtor.

Objectives

The Council aims to: -

- Maximise the Parish Council's income;
- Collect all debt owed to the Council promptly, effectively, efficiently and economically, while ensuring unbiased and fair treatment to all debtors.

The effective management and collection of debt is an essential contributor to the Council's financial resource, and maximises income available to provide services to the village of Wimblington.

The Responsible Financial Officer (RFO) will provide regular updates about income received, to the Parish Council, along with details of any debt(s) deemed unrecoverable and for 'write-off', as appropriate.

If the debt is deemed to affect the day to day running of the Parish Council finances, an Extraordinary Meeting will be arranged following the guidelines as laid out in the Local Government Act 1972, Sch. 12, paras 9 and 25, to discuss the matter.

Roles and Responsibilities

The RFO will follow current legislation and may include that found in: sections 137, 150 and 168, LGA 1972; sections 111-116 LGA 1988; Audit Commissions Act 1998; Accounts and Audit Regulations 2015 & 2020.

The RFO is responsible for the organisation and supervision of all income arrangements, which includes proper accounting, collection arrangements and reporting to the Council on a regular basis.

They must make arrangements for income to be accounted for correctly within the Council's financial accounts, and make an appropriate annual provision for bad debts.

Raising Invoices

All invoices raised must be properly supported by documentary evidence that supports the debt and using the relevant agreed hire charges, rents (e.g. allotments) or fees (e.g. burial fees).

The RFO must use the most appropriate method of collecting each type of income, ensuring effectiveness, efficiency and economy.

All methodologies should be documented. Where practical and efficient, advance payment should be requested for services to minimise the financial risk to the Council.

This includes:

- Any request to purchase items or undertake works on behalf of a resident or business can only be authorised, by the Clerk/RFO once payment has been received, in full, by the Council e.g.: - for the purchase and installation of memorial benches, tree works, for interments to burial/cremated remains plots and for memorial related fees.
- Requirement for prior payment of fees for one off room hire bookings. NB. Alternative arrangements are in place for invoicing the Council's regular hirers.

The RFO will use the Alpha Accounting System and Hallmaster Room Booking software to raise invoices for hire of facilities, rents and fees.

Subsequent reminder letters will be sent to include: customer statements and letters produced on paper headed with the Council's logo and the RFO/Clerk's contact details.

Invoices should contain:

- A brief explanation of why the Council requests payment in the body of the invoice.
- The Council's bank account and sort code details, to promote electronic payments;
- The payment due date.

The RFO should ensure invoices are raised promptly before the completion of one-off facilities hire or prior to the commencement of a lease period or interment at the cemetery.

Where a regular and continuing let is involved invoices should be issued periodically, either monthly or termly as soon as possible after the end of each period.

Terms and Conditions

Terms and conditions are designed to protect the rights of the Council, limit potential liabilities and provide some degree of security for the recovery of the debt.

All invoices must request payment by the due date or within 28 days of the dated invoice or less, as deemed appropriate.

Terms and Conditions should include details of acceptable payment methods, payment terms.

Methods of Payment

The Council's preferred method of payment is by BACS or alternatively by cheque.

However, this does not prohibit accepting payment by regular Standing Order, by cash, to the Parish clerk or Hall steward, during office opening hours.

Installment arrangements are not acceptable.

All debts should be paid in full by the due date.

Collection

The collection of income in respect of invoices raised must follow a standard course, which fully documents the efforts made to settle the debt: -

1. The RFO will take steps to raise the debt in the first instance;
2. If no payment is received within stated terms, the RFO will commence its recovery procedure by sending a first stage reminder letter and a payment statement, requesting payment within the next 14 days;
3. If possible, this will be followed with either a telephone call or email to negotiate settlement;
4. If no payment is received after a further 7 days, a final demand notice, will be sent;
5. The provision of further services or facilities hire will be ceased immediately.

All action taken will be fully documented by the RFO.

Reminder Letters

The RFO will ensure all reminder letters are sent within the time scales laid out in this policy.

Standardised reminder letters will be generated.

The final demand notice will advise the customer of further enforcement action, any interest or charge which the debtor is liable to pay, and the rate it will accumulate from the date of the letter.

Disputed Invoices

The RFO will retain responsibility for monitoring outstanding invoices and for dealing with any debtor disputing an invoice.

If the debtor wishes to dispute the invoice, they should write to the RFO setting out setting out their reasons.

Every effort should be made, by the RFO, to:

- Resolve the dispute at the earliest opportunity and within two weeks;
- Explore any obstacles for partial or full payment within a reasonable timescale.

Recovery Action

If, after exhausting all the reminder stages the debt remains outstanding, the RFO must decide if the debt requires further enforcement action, consulting with the Full Council at the first available opportunity.

Should the total value of the customer's debt(s) be less than £50 and it is considered by the RFO uneconomic to pursue further, the invoice will be reported to the Council with a recommendation for 'write off'.

For all other debts over £50, the following action may be considered, by Council:

1. Refer the debt to the Small Claims Court.
2. If the court is unable to collect the debt, all options are exhausted, the RFO will report to Full Council for consideration to write-off the debt.

All debts passed to the Small Claims Court must be updated.

Where an account is reclaimed by the court the invoice/s and financial monitoring system must be updated to reflect this.

Where a case has been passed to the Court for collection and a direct payment is received, the RFO will ensure the Court is notified.

Part Payments

Where part payment has been received for a series of invoices, then the payment is attributed to the earliest invoices first (unless the payment is for a specific invoice).

Writing Debts Off

If the debt remains unpaid, after exhausting all appropriate recovery methods, the debt should be considered for 'write off'.

All requests to write off debts must be agreed by the Parish Council.

It would normally be expected that debts be considered for write off for: -

- Cumulative debts under £50, where no payment has been received within six months of sending the final demand;
- All debts where the court advises they are unable to collect and all options are exhausted; in these circumstances the RFO will deem it not cost-effective to pursue.
- All debts where the RFO advises the debt is irrecoverable or that legal action is unlikely to be cost effective.

The Clerk will prepare a list of debts to be written off at the end of the financial year for approval by the Council which details the value of each debt, age, action taken, and any reason for write-off request.

A debt report will include details of:

- What the debt relates to;
- Details of the person owing the debt;
- The total amount including any arrears brought forward at the start of the accounting period;
- The current state of any recovery action taken;
- Recommendation(s) from the RFO;
- Reason(s) for write off request.

The debtor remains liable to pay for up to six years. Therefore, if the debt has been written off and a further installment is received, the income will be credited as appropriate.

Reasons for Bad Debt Write Off: -

- Absconded or Unable to Trace
- Bankruptcy (having already registered a claim with the trustees)
- Compassionate
- Deceased
- Uneconomic
- Unable to collect - Debt Collection Service