



DEBT RECOVERY POLICY

OBJECTIVE

This policy document sets out the Debt Recovery Policy for the Council to ensure that all sundry debts and income of the Council are managed, administered and collected in a transparent, efficient and cost-effective manner.

To achieve its goal of being an efficient and effective Council, Stoke Gifford Parish Council will:

- Collect all debt owing to it promptly, effectively, efficiently, and economically.
- Comply with ethical best practice, and legislative requirements, appropriate to each individual debt, or debtor.

RAISING INVOICES

All invoices raised must be properly supported by documentary evidence that supports the debt and using the relevant agreed hire charges, rents or fees.
VAT will be charged at the prevailing rate where appropriate.

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

Where practical and efficient, advance payment should be requested for services. This minimises the financial risk to the Council.

Invoices should contain a brief explanation of why the Council requests payment. The RFO should ensure invoices are raised promptly. Where the invoice relates to a continuing hall hire or sports facility, invoices should be issued periodically as agreed, in advance 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 within 14 days of dated invoice.
In some instances, invoices will be paid at the end of the contractual hire agreement.

Terms and Conditions should include details of acceptable payment methods.

METHOD OF PAYMENT

The Council's preferred method of payment is BACS. However, this does not prohibit accepting payment by cash or cheque.

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 relevant staff member will raise the debt in the first instance after 30 days.
2. If no payment is received within stated terms; the recovery procedure will commence which begins with a first stage reminder giving a further 30 days' notice.
3. The reminder can be in the form of a letter, telephone call or email.
4. If no payment is received after a further 30 days, a final demand notice, will be sent and service withdrawn.
5. The further use of facilities will be ceased immediately.

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

All action taken will be fully documented.

DISPUTED INVOICES

Each invoice will bear the contact details of the Clerk/RFO.

In the first instance the Clerk/RFO should be contacted to resolving any initial problems or queries.

All invoices that are disputed will be flagged as not requiring further action at this time.

The Clerk/RFO will retain responsibility for query resolution at this stage and amend invoices if deemed appropriate. This should be done using properly supported documentary evidence that validates the reason for reducing or cancelling a previous amount invoiced.

If an invoice is flagged:

- a) a reason for the dispute should be clearly defined.
- b) every effort to resolve, should be made, at the earliest opportunity.
- c) any obstacles to partial or full payment should be explored and resolved.

The aim should be to resolve disputes within one week. Where this is not possible, close monitoring should follow with the objective of resolving as soon as possible.

All flagged invoices should be reviewed monthly by the Office staff and reported to the Council, with reasons for the dispute and the amount involved.

RECOVERY ACTION

If, after exhausting all the reminder stages the debt remains outstanding, the Clerk/RFO will consult with the Finance and General Purposes Committee at the first available opportunity to decide if the debt requires further enforcement action.

In some cases, the total value of the customer's debt(s) may be considered uneconomic to pursue further and be written off.



For all other debts, the following action will apply:

1. Refer the debt to the Small Claims Court.
2. If the Court is unable to collect the debt, it will be considered that all options are exhausted and the Clerk/the RFO will instigate the procedure 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 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 Clerk/RFO will ensure the Court is notified.

WRITING OFF DEBTS

It would normally be expected that debts to be written off would be:

- Cumulative debts under £100, 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.

Clerk will prepare a list of debts to be written off for approval by the Council which details the value of each debt, age, action taken, and the reason 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 payment 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

To be reviewed: July 2021