

DEBT MANAGEMENT POLICY

1 INTRODUCTION

- 1.1 The Council has a duty to recover outstanding debts and in doing so ensures that its processes are fair to everyone. The introduction of the Debt Management Policy will ensure that debt is minimised and rates of collection are maximised with a consistent approach.
- 1.2 The key aims of this policy is to maximise the level of income collected by the Council by accurate and timely billing, reducing the level of debt arising, effective and timely recovery processes and utilising the appropriate recovery method by debt type.
- 1.3 The Council is responsible for ensuring that procedures are in place for the recovery of any outstanding debt.
- 1.4 This policy sets out the procedures for debt recovery and for the write-off of any debt which is deemed to be irrecoverable.
- 1.5 The term 'miscellaneous debt' is used to represent any debt other than Council Tax or Business Rates. It covers the following services:
- One Leisure
 - Operations
 - Commercial Rents
 - Licensing
 - Housing
 - Environmental Health
 - Building Control
 - Other invoicing

2 POLICY

- 2.1 Payment should be obtained as and when goods/services/facilities are provided wherever possible; in particular where the value of goods and services is relatively small, i.e. less than £30.
- 2.2 Where payment is not received in advance or at the time when the goods/services/facilities are delivered an invoice must be raised as soon as possible, but must be within 7 days of the goods/services/facilities being provided.
- 2.3 To ensure that payment is received in good time, it is important that the customer details have been set up correctly on the financial system:
- Correct address information, including postcode.
 - Contact details – telephone number (landline and mobile), email address.
 - Invoices should be checked prior to posting/printing to prevent unnecessary credits and delays in payment.
- 2.4 Invoices should state that the bill is due and payable at the invoice date. The standard payment terms are 21 days.
- 2.5 If no payment is received within 21 days from date of issue of the invoice, a reminder will be issued to the debtor on day 22. This first reminder will clearly state that full payment is required in the next 7 days.
- 2.6 If payment is not received after 10 days of issuing the first reminder, a second and (final) reminder will be sent out and clearly state that legal action will be taken if the debt is not settled in full within a further 7 days of the date of the final reminder. The debtor is advised of potential

costs this will incur, including legal fees, future credit difficulties, bailiff action and County Court Judgments.

- 2.7 If there is no response from the debtor after the final reminder period, then attempts will be made to contact the debtor by phone or email and the use of tracing agencies if required. The debt will then be passed on to the Council's Legal Team for action to be taken (debts over £300) or to a collections agency for debts under £300.
- 2.8 Where only part payment has been received, with no explanation of any query against the balance outstanding, a final reminder should be issued 10 days from the issue of the first letter. The final reminder should clearly state that legal action will be taken if the debt is not settled in full within a further 7 days of the date of the final reminder.
- 2.9 Where a debtor requests permission to settle the debt by instalments and extend the normal terms and conditions of supply, they must submit an application in which must not exceed 21 days from the date of issue of the invoice and explain the reasons for their inability to meet the original contract terms. The Income Manager and the Finance Manager will agree the revised terms.
- 2.10 If the debt is not settled within the terms set by the Income Manager and the Finance Manager then a final reminder should be issued to the debtor. The final reminder will clearly state that legal action will be taken if the debt is not settled in full within a further 7 days of the date of the final reminder.
- 2.11 The total outstanding debt is reported each month to the Senior Management Team and Cabinet Members, and quarterly to the overview and Scrutiny (Performance and Customers) Panel and Cabinet.
- 2.12 Write off of debts may take place if all attempts to get the debt paid is unsuccessful. The Income Team are required to demonstrate to the Council's S151 Officer that all reasonable attempts to collect outstanding debt have taken place prior to a write-off request.
- 2.13 A write-off must not be communicated to the debtor. It is not an acknowledgement that the debt does not exist, but is an internal transaction in the accounts of the Council, which removes the debt from the records.
- 2.14 Individuals or organisations that have previously defaulted on payments to the Council are not allowed credit facilities.
- 2.15 Where a debtor's payments are regularly or consistently paid outside the terms of supply the Council must consider withdrawal of credit facilities and request the individual/organisation to pay for goods/services/facilities at the time they are consumed.
- 2.16 Collection of Council Tax and Business Rates - debts relating to Council Tax and Business Rates are collected in accordance with the legislation relating to those local taxes.
- 2.17 Collection of Housing Benefit Overpayment - debts relating to Housing Benefit Overpayment are collected in accordance with the Department for Work & Pensions - Good Practice Guide (V1 12 February 2015).

Person / Post Responsible	Finance Manager	
Date Approved / Adopted	SMT	XX XXX XXXX
Approved by	Council	XX XXXX XXXX