



Wells City Council

Debt Recovery Policy

Document No. 15

Purpose	Guidance to clarify Wells City Council's policy regarding investment of funds
Additional Papers	To be read in conjunction with the Finance Regulations and Reserves Policy
Reviewed by	Full City Council
Adopted	May 2025
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1. Framework

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 efficient and effective the 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.

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 parish of Wells.

Aged debt will be reported to the Council by the Responsible Financial Officer (RFO) via the first available Finance Committee meeting. 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.

2. Purpose

The purpose of this policy is to provide clear guidance on the recording, reporting, recovery and monitoring of income.

The RFO must follow this procedure to ensure that the Council maximises the collection of debts and income in the most efficient and cost-effective manner.

3. Roles and Responsibilities

The Responsible Financial Officer

The RFO will follow the legislation as laid out under sections 137, 150 and 168 LGA 1972; sections 111-116 LGA 1988; Audit Commissions Act 1998; Accounts and Audit Regulations 2003 (S.I. No.533) Sections 21 and 22 LGA 2003; Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (S.I. No.3146.)

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. The RFO must arrange for income to be accounted for correctly within the Council's financial accounts and make an appropriate annual provision for bad debts.

The Town Clerk

The Town Clerk will ensure that the RFO is acting in accordance with the policy, and associated legislation, best practice and Councils Standing Orders and Financial regulations in the recovery or accrual of debt.

The Finance Committee

The Committee will ensure regular scrutiny of debt, debtors, and collection as well as policy development to ensure compliance and best practice is adhered to by officers of the council. Taking decision when needed to act upon the collection of debt.

4. Raising Invoices

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.

All invoices will bear contact details of the RFO, in case of queries. Invoices should contain a brief explanation of why the Council requests payment. Where the invoice relates to a continuing hall or facility hire, invoices should be issued periodically as agreed and raised promptly by the RFO.

5. 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 30 days or less of the dated invoice. Terms and Conditions should include details of acceptable payment methods and payment terms.

6. Methods of Payment

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

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

7. 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:

- a. the RFO will raise the debt in the first instance via invoice as mentioned above.
- b. if no payment is received within stated terms; the RFO will commence the recovery procedure, which begins with a first stage reminder letter giving a further 7 days' notice. (See Appendix A)
- c. if possible, this will be followed with either a telephone call or email.
- d. if no payment is received after a further 7 days a final demand notice will be sent by the RFO. (See Appendix B)
- e. the further use of facilities will be ceased immediately.

All action taken will be fully documented by the RFO with a customer case file created and stored centrally.

8. Reminder Letters

The RFO will produce all reminder letters within the time scales laid out in this policy. Standardised reminder letters will be generated.

The final demand notice, produced by the RFO, advises the customer of further enforcement action, refers 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.

9. Disputed Invoices

Each invoice will bear the contact details of the RFO. In the first instance the RFO should be contacted to resolving any initial problems or queries, as they will hold the information to resolve some initial queries.

The RFO will retain responsibility for query resolution at this stage and advise of invoice amendments if deemed appropriate. This should be done using properly supported documentary evidence that validates the reason for reducing or cancelling a previous amount invoiced and should be done in consultation with the Town Clerk.

If an invoice is disputed:

- 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.

10. 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 Finance Committee at the first available opportunity to agree next actions and associated costs.

If the total value of the customer's debt(s) is less than £100 and it is considered by the RFO uneconomic to pursue further, the invoice will be flagged to the Council, awaiting write off. For all other debts over £100, the following action will apply:

- a. Refer the debt to the Small Claims Court.
- b. If the court is unable to collect the debt, all options are exhausted, the RFO will instigate the procedure to write-off the debt with the Council's agreement.

All debts passed to the Small Claims Court must be updated. Where an account is reclaimed by the court the invoice/s and 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.

12. Writing Debts Off

If any debt remains unpaid, after exhausting all appropriate recovery methods, the debt should be written off. All requests to write off debts must be jointly sanctioned by the RFO and the Full Council and will be scheduled as a standing agenda item for each march meeting of Full Council to resolve write offs before each end of year period.

13. 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) 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.

The RFO 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 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 instalment 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