

West Lindsey District Council

Sundry Debt Recovery Policy and Procedures

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Purpose

In accordance with the Council's financial policies it is the Council's aim to recover all income due to it in an efficient manner.

1. Introduction

- 1.1 This policy covers the collection and recovery of Sundry Debt due to West Lindsey District Council
- 1.2 The Revenues Section is responsible on behalf of the Council for the collection of Sundry Debts.
- 1.3 The department has a legal duty to seek to recover all outstanding debts.
- 1.4 It is the Council's policy to recover all collectable debt owed to it. With this objective in mind this policy aims to:
 - i. Maximise the Council's income
 - ii. Reduce the time taken to collect charges
 - iii. Reduce the level of debt owed to the Council
 - iv. Reduce the incidence of debt that cannot be collected
- 1.5 This policy supports these aims by:
 - i. Promoting ownership of debts by service providers
 - ii. Ensuring wherever possible that collection of the fee or charge involved takes place prior to the service being provided so that a sundry debtor account is only issued when it is impractical for the payment to be made in advance and it is therefore essential to do so
 - iii. Ensuring invoicing procedures are carried out in an accurate and timely manner
 - iv. Requiring evidence to support the issue of the invoice
 - v. Encouraging debtors to pay promptly
 - vi. Making collection and enforcement activity more efficient
- 1.6 The Council will publicise this policy and that it intends to pursue the collection and recovery of all debts owed to it.
- 1.7 This policy is intended to ensure that all debtors are treated in a fair and consistent way and in accordance with the Council's customer care policy. Customers with serious debt problems are referred to the citizens advice bureau for debt counselling.
- 1.8 The council ensures that prompt, firm but fair action is taken to ensure the efficient and cost effective collection of Sundry Debts.

2. Exclusions

- 2.1 The following areas are not included in this policy.
 - i. Council Tax
 - ii. National Non Domestic Rates
 - iii. Housing Benefit Overpayments
 - iv. Council Tax Support Overpayment

3. Key Objectives of Fees and Charges

- 3.1 The fee or charge imposed by the Council should be fair in relation to the goods and/or service provided and in accordance with the Council's fees and charging policy.
- 3.2 The charge should, wherever possible, be obtained in advance of the goods and/or service being provided.
- 3.3 The charge should be collectible.
- 3.4 There should be a clear and prompt billing and collection process.

4. Responsibilities

- 4.1 Team Managers must ensure that:
 - i. Financial regulations in relation to the collection of sundry debts are adhered to
 - ii. The parts of the policy that apply to their service are correctly followed
 - iii. They proactively support the achievement of corporate targets for debt collection
 - iv. Budget managers are fully appraised of their responsibilities
 - v. Relevant systems and procedures are put in place
 - vi. Staff involved in the debt collection process are appropriately trained

5. Invoicing

- 5.1 Services are responsible for raising invoices in respect of the goods and/or services they provide
- 5.2 An invoice should be raised within 10 working days of the goods and/or service being supplied
- 5.3 An invoice should not be raised:
 - i. For less than £10 unless it is a statutory charge (fees and charges below this level should be paid in advance)
 - ii. When it cannot be proven that the goods and/or service has been provided
- 5.4 For period charges, a direct debit should, wherever possible, be set up in advance of the service being provided.

6. Payment Methods

Invoices should be paid by the following methods:

- i. Credit or Debit card – via the telephone using the automated payment line
- ii. Credit or Debit card – via the West Lindsey District Council website
- iii. Standing order
- iv. Bacs
- v. Cheques or postal orders to the Council

7. Payment Terms

- 7.1 The Council aims to collect monies owing to it fully and promptly.
- 7.2 Payment arrangements should only be accepted where the debtor is unable to settle the debt in full in one payment.
- 7.3 Payment arrangements can be made to settle payment by weekly, fortnightly or monthly instalments.

8. Collection

- 8.1 A written reminder notice shall be sent in respect of all unpaid invoices after 28 days.
- 8.2 If after a further 14 days the account still remains unpaid a final reminder notice will be issued.
- 8.3 If after a further 14 days the accounts unpaid a letter and/or telephone call will be issued explaining the next course of recovery action will be Debt Collection Agency.
- 8.4 The Council employs two debt collection agencies.
- 8.5 Once a case has been referred to the debt collection agency any payment arrangement must be made directly with the agency.
- 8.6 Recovery action can be withdrawn during any part of the process if the debtor enters into a payment arrangement to clear the debt by instalments.
- 8.7 Recovery action can be withdrawn if the originating department decides not to pursue recovery of the goods and/or service.
- 8.8 In the event of failure to pay legal action can be taken in the County Court which can result in the following action being ordered:
 - i. County Court Judgement (CCJ) – this will appear on the credit record of an individual and can make it difficult for the person to obtain hire purchase (HP), credit card, mobile phone contract, mortgage or loan.
 - ii. Warrant of execution – a court bailiff will enforce a warrant and attempt to remove goods to the value of the debt.
 - iii. Attachment of earnings order – direct deductions are taken from an individual's wages until the debt is cleared
 - iv. Charging order on a property – a charge is placed on an individual's property which if, when sold, there is sufficient equity available after all other charges have been settled will be used as security for the debt.
 - v. Insolvency proceedings – this is expensive and gives no guarantee of securing the debt
- 8.9 The debt recovery process flowchart is attached at Appendix A

9. Queries and Disputes

If there is a dispute the Service that raised the invoice must attempt to resolve the matter within 35 days of the query being raised.

10. Credit Notes

- 10.1 In conjunction with financial regulations there must be a clear distinction between raising a credit note and writing off a debt.
- 10.2 A credit note to cancel or reduce a debt must only be issued to:
- i. Correct a factual inaccuracy
 - ii. Correct an administrative error
 - iii. Process a discount granted by the Team Manager where the account was originated
- 10.3 Once authorised, staff should issue credit notes
- 10.4 A credit note should only be issued when the credit request memo is signed by an authorised signatory and an explanation of the credit note is stated in every case.

11. Write Offs

- 11.1 Every effort is made to ensure that all amounts due to the council are rigorously pursued and at the end of each financial year a provision for bad debt is established. Write off of bad debt will be in line with the provisions of the Financial Procedural Rules.
- 11.2 Bad debts can be written off by the following:
- i. Under £2,500 – Executive Director of Resources/Section 151 Officer
 - ii. Over £2,500 – Corporate Policy and Resources Committee
- 11.3 The reasons for write off are:
- i. The debtor is deceased and left no will or traceable executors
 - ii. The debtor is formally insolvent
 - iii. The debtor has absconded and cannot be traced
 - iv. It is uneconomical to take action to enforce the debt
 - v. The debtor is living outside the UK and unlikely to return
 - vi. The debtor is living in Scotland or Northern Ireland and it is uneconomical to transfer proceedings to the appropriate court
 - vii. The debtor is serving a prison sentence of sufficient length to make the recovery unlikely
 - viii. The debtor is sectioned under the mental health act
 - ix. It is the interests of the council or wider community to write off the debt
 - x. The age of the debt precludes recovery or the debt is Statute Barred
 - xi. The credit has remained unclaimed for a period of 6 months or more and the customer cannot be located

12. Refunds

Before a refund of an overpayment is authorised, the debt recovery section will ensure there are no other balances outstanding. Where other balances are identified, any credit due will be offset against it.

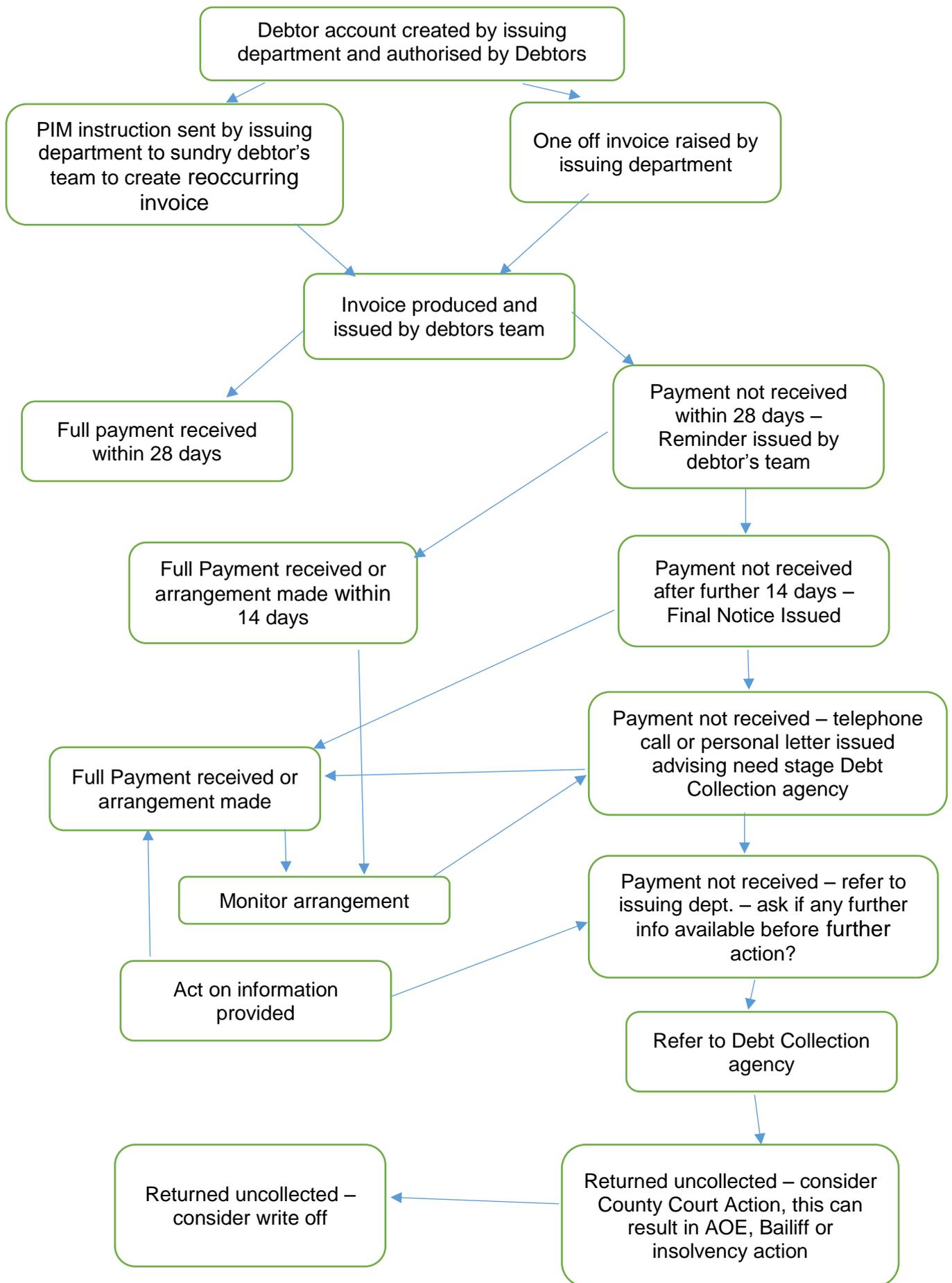
13. Debt Management

- 13.1 Revenues will provide all Team Managers with an aged debtor report which shows the amount in value and the debts due on a monthly basis to enable all service debts to be considered.
- 13.2 Finance Business Partners will meet with Budget Managers during the year to assess how collection of their particular service sundry debt accounts is progressing.
- 13.3 Revenues will enable regular meetings with any Team Manager that requests to do so, in order to discuss debts and recovery processes.

14. Review

This policy once approved will be regularly reviewed and updated as necessary.

Appendix A – below – Recovery Process



**For further information please contact the Council Tax Section
on 01427 676566**

If you would like a copy of
this in large, clear print, audio,
Braille or in another language,
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