St Ives Town Council

St Ives Town Council
Sundry Debtors Recovery Policy

Procedure File Status

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Responsible Officer	Head of Finance	Minute Reference	M. 49 i
Responsible Committee	Finance & General Purposes	Review Date	May 2027

Version History

Date	Version	Author/Editor	Comments
March 2022	0.1 Draft	RFO	First draft policy approved by Finance and General Purposes Committee
April 2022	0.1 Draft	RFO	Policy adopted by full Council resolution
May 2024	0.2 Draft	RFO	Reviewed, no changes to policy
May 2026	0.3	Head of Finance	Reviewed, no changes to policy

Review Record

Date	Type of Review Conducted	Stage Completed	Summary of Actions Taken or Decisions Made	Completed By
May 24	FULL	COMPLETE	No amendments necessary	Head of Finance
May 26	FULL	COMPLETE	No amendments necessary	Head of Finance

St Ives Town Council

1.0 Objective

1.1 St Ives Town Council acknowledges the importance of safeguarding the monies under its control held on behalf of the community.

1.2 The objective of this policy is to maximise the Council's income by collecting debts owing promptly and in full, whilst ensuring fair treatment to all debtors.

2.0 Framework and Purpose

2.1 This policy sets out the procedures for the prompt collection of all sums due, and for ensuring that a fair and consistent approach is taken to recover sums not receipted on a timely basis.

2.2 This policy applies to the recovery of all forms of revenue arising from:
Property, allotments, leases, licences and other legal agreements;
Community, council offices, events, weddings and other services supplied and goods sold for which invoices are raised;

2.3 Effective debt collection ensures that any adverse impact on cash flow is minimised and that the principal of full and timely payment by debtors is enforced.

2.4 Should a debt become uncollectable, due for example to bankruptcy or insolvency, or where the debt is uneconomic to pursue, such debts will be considered for write off in accordance with part 9.

3.0 Roles and Responsibilities

3.1 The Responsible Finance Officer (RFO) will comply with best practice and all relevant legislation in the administration of the Council's debt recovery. Relevant legislation includes Part VIII of the Local Government Act 1972.

3.2 The RFO will ensure suitable procedures are in place for the receipting of debtor requests, the raising of invoices, the receipting of income, the proper accounting of income, the chasing of debts, any provisions for bad debts, and the reporting and monitoring of income.

4.0 Raising Invoices

4.1 Invoices will be raised promptly, and payment sought in advance of all services and goods provided, unless inappropriate to do so, to minimise any financial risk to the Council.

4.2 All invoices raised will detail the services or goods provided, the date/s to which the invoice relates, the due date for payment should be received and the charge, with VAT stated where applicable.

4.3 Where services or goods are provided over a period, invoices will be raised periodically under the terms of the agreed provision.

5.0 Payment Terms

5.1 The Council's preferred method of payment is via BACs, although debtors can make payment by cheque, cash or standing order.

5.2 Any request from a debtor to vary the payment terms due to an inability to pay will be considered on a case by case basis by the RFO. This will be reported regularly to the Finance & General Purposes Committee as part of debtors and creditors report. Where a payment agreement is made, failure to meet the terms of the agreement may result in a recommendation for a referral to court.

6.0 Responsibilities of Debtors

6.1 Any person, organisation or body that has a liability to pay the Council should:

- Follow the Council's standard terms and conditions in full
- Ensure that payments are receipted by the Council by the date due;
- Provide appropriate referencing, such as an invoice number, on all remittances;
- Inform the Council of any changes in circumstances that may impact on the amount to be paid, or the ability to pay;
- Notify the Council of any change of address or contact details; and
- Contact the Council promptly if it is reasonably believed the debt is in error.

7.0 Debt Collection Process

7.1 To ensure sundry debts (debts arising from the issue of an invoice), are dealt with promptly and effectively, an invoice will be issued promptly, stating clearly the details of the services or goods provided and the date due for payment. In the event that payment is not received in accordance with the due date:

- A first reminder letter will be issued requesting payment within 14 days once the first monthly statements are printed after the initial 30 days have passed.
- If payment is not received, a second reminder letter will be issued requesting payment within 5 days.
- If payment is not received after the second letter is sent, a final reminder will be sent. The letter will include the threat of court proceedings and the debtor will be contacted to establish the reasons for non-payment, any mitigating circumstances and, where appropriate, to agree a new payment deadline.
- If payment is not received in accordance with the agreement, an application may be made to the Small Claims Court. If legal action is taken, the debtor will be responsible for all fees incurred by the Council in recovering the debt.
- If the debt is deemed irrecoverable or uneconomical to pursue further, it may be written off.
- Where appropriate, the Council may advise the debtors that trading facilities may be removed or suspended if payment is not made within the 14 days.

7.2 To ensure income due from rents, leases, licences and other legal agreements, are receipted in accordance with the terms of the agreement, in the event that payment is not received by the relevant due date:

- A first reminder letter is issued requesting payment within 14 days once the first monthly statements are printed after the initial 30 days have passed.
- If payment is not received, a second reminder letter is issued requesting payment within 5 days.

- If payment is not received after the seconded letter is sent a final reminder will be sent: court proceedings are proposed and the debtor is contacted to establish the reasons for non-payment, any mitigating circumstances and, if appropriate, to agree a new payment deadline.
- If payment is not received in accordance with the agreement, an application may be made to the Small Claims Court. If legal action is taken, the debtor will be responsible for all fees incurred by the Council in recovering the debt.
- If the debt is deemed irrecoverable or uneconomical to pursue further, it may be written off.

7.3 The Council's preferred recovery route is to apply to the Small Claims Court. In the majority of cases, it will not be appropriate or necessary to make use of commercial debt recovery solutions. However, in exceptional cases, the Council reserves the right to consider this approach. The decision shall be made on a case by case basis, subject to a resolution of the Finance and General Purposes Committee.

8.0 Repayment of Arrears

8.1 Where a repayment agreement is reached with a debtor, the Council will seek repayment of all outstanding arrears as soon as possible, and by the end of the financial year wherever possible.

8.2 Repayment agreements will only be considered, where such an arrangement is more likely to result in the Council recovering the payment in full or substantially in full. Agreements may be refused where the debtor appears to have sufficient resources or assets to pay the debt immediately.

9.0 Writing Debts Off

9.1 If a debt under £100 remains unpaid and is deemed uneconomical to pursue, after all appropriate recovery actions have been taken, the debt will be authorised for write off by the RFO and reported to the next meeting of the Finance & General Purposes Committee for ratification. The Debtors' future use of Council facilities will be suspended.

9.2 If a debt exceeds £100 but is less than £1,000 and all appropriate recovery actions have been taken, the debt will be authorised for write off by the RFO, in consultation with the Chairman of Finance and General Purposes Committee.

9.3 All sums in excess of £1,000 shall be reported to the Finance and General Purposes Committee with a recommended course of action.

10. Definitions

Arrears – A sum that is due to the Council but has not been paid by the date on which that payment was due.

Debt – An amount that is payable to the Council as a result of goods or services received.

Debtor – A person, persons, organisation, or other legal entity that owes money to the council.