

SALISBURY
CITY COUNCIL



Debt Recovery Policy

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|---------------|---------|-------|---------|---------|----------------|------------|-------------|
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Distribution

Internal: All SCC Staff

External: Website / Councillors

1. Objective

- 1.1. Salisbury City Council has a duty to all residents, and to businesses and other organisations that are active in the City, to ensure the prompt and cost effective billing, collection and recovery of all sums due to the Council.
- 1.2. The objective of this policy is to maximise the income of the City Council by collecting all debts owing to it promptly, effectively, efficiently and economically, whilst ensuring unbiased and fair treatment to all debtors.

2. Framework and Purpose

- 2.1. This policy document sets out the procedures for enabling the prompt collection of all sums of money due, and for ensuring that a fair and consistent approach is taken to recover sums that are not paid on a timely basis.
- 2.2. This policy relates to the collection of all forms of revenue including:
 - Investment property/land/rents/leases/licences
 - Residential property rents
 - Invoices raised
 - Sundry debts
 - Market rents and pitch hire
- 2.3. Effective debt collection ensures that any adverse impact on cash flow is minimised and that the Council maintains a reputation of requiring full and prompt payment from its debtors.
- 2.4. In the event that a debt ultimately becomes uncollectable, due to bankruptcy, insolvency, untraceability of the debtor, or where the debt is uneconomic to pursue, such debts will be considered for write off in accordance with section 9 of this Policy.

3. Roles and Responsibilities

- 3.1. The Responsible Finance Officer (RFO) will follow best practice and the most up to date legislation to ensure that the Council maximises the collection of debts and income in the most efficient and cost effective manner. Relevant legislation includes:
 - Part VIII of the Local Government Act 1972
 - Local Audit and Accountability Act 2014
- 3.2. This policy provides clear guidance to the RFO on the:
 - Organisation and supervision of all income arrangements, including the recording, reporting, recovery and monitoring of income;
 - Framework and timeframe for debt collection, enabling the Council to maximise the collection of debts and income in a fair, efficient and cost effective manner;

- Proper accounting of income within the Council's finance system, and on setting an appropriate annual provision for bad debts.

4. Raising Invoices

- 4.1. Invoices will be raised in advance of the service or goods wherever appropriate to do so, to minimise the financial risk to the Council.
- 4.2. Invoices will be supported by documentation detailing the service or goods provided and any applicable hire charges, rents or fees evidenced, with VAT charged where applicable.
- 4.3. Invoices will be raised promptly and contain sufficient detail of the service or goods provided, the date/s to which the invoice relates and the due date for which payment should be received. This will be between 5 and 30 days from the date of the invoice dependent on the type of supply.
- 4.4. Where services or goods are provided over a period, invoices will be raised periodically under the terms of the agreed provision.

5. Payment Terms

- 5.1. The Council's preferred method of payment is by BACs, although payments can also be made by debit or credit card, cheque, cash or standing order.
- 5.2. Any request from a debtor to vary the payment terms applicable to the debt, such as where a debtor is not able to repay the debt completely, either immediately or within a reasonable timescale, then each case will be considered by the RFO as to establishing a repayment arrangement over a specific period of time.
- 5.3. Where a payment arrangement is made, failure to make regular payments in a timely manner will result in further recovery action and reasonable costs may be added to the debt.

6. Responsibilities of Debtors

- 6.1. Any person, organisation or company that owes money to the Council, or has a liability to pay, should comply with all legal obligations in respect of the liability by:
 - Ensuring that payments reach the Council by the due date.
 - Following instructions provided to ensure payments are able to be credited correctly against the amount due.
 - Informing the Council of any changes in circumstances that may have an impact upon the amount to be paid, or the ability to pay.
 - Notifying the Council of any change of address.
 - Contacting the Council promptly if it is believed the amount due is incorrect.

7. Debt Collection Process

- 7.1. The Council recognises that there are different types of debt; sundry debts arising from the issue of an invoice and rental debts arising from leased properties.

7.2. The procedure followed to ensure debts are dealt with promptly and effectively is:

- Invoice is issued clearly stating the due date.
- Once the due date has passed, a 1st reminder is sent requesting payment within 14 days.
- If payment is not received, a 2nd reminder is sent requesting payment within 7 days.
- If payment is not received, the debtor is contacted directly to establish the reasons for non-payment and to agree a deadline, or where appropriate a repayment arrangement, for receipt of the debt.
- If payment is again not received, the Council will initiate legal proceedings.

7.3. In the case of sundry debts, such proceedings may result in an application to the Small Claims Court unless the debt is deemed irrecoverable. Where enforced, the debtor will be liable for the fees incurred by the Council in recovering the debt.

7.4. In the case of leased property debts, such proceedings may result in forfeiture of the property and Court Action being taken to enforce the Council's rights as Landlord to recover amounts due on the property.

8. Repayment of Arrears

8.1. Where a repayment arrangement has been agreed 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. Payment arrangements will only be considered where such an arrangement is more likely to result in the Council recovering the payment in full.

8.3. Payment arrangements may be refused where the debtor appears to have sufficient assets to pay the debt immediately.

9. Writing Debts Off

9.1. In accordance with section 9.3 of the Financial Regulations and Internal Financial Controls, if a debt remains unpaid for more than 12 months, and all appropriate recovery methods have been exhausted, then:

- If less than £1,000, consideration will be given to writing off the debt. Such debts can be sanctioned for write off by the RFO
- If more than £1,000, the RFO will make a request to the Finance and Governance Committee to authorise the debt to be written off.

10. Definitions:

Arrears – A sum due to the Council but unpaid by the date on which payment was due.

Debt – A sum 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.