DEBT RECOVERY POLICY

1. Objective

Winterbourne Parish Council (the Parish Council) will collect all debt owing to it promptly, effectively, efficiently and economically, while ensuring that debtors are treated fairly, consistently, proportionately and without discrimination.

The Council will seek to protect public funds while recognising that genuine disputes or circumstances affecting a debtor may require reasonable consideration. Recovery action will be evidence-based, documented and proportionate to the amount and nature of the debt.

2. Framework

This policy sets out the arrangements for the management, administration, monitoring and recovery of sundry debts and other income due to the Parish Council. It should be read alongside the Council's Financial Regulations, Standing Orders, approved fees and charges, relevant contracts and terms and conditions.

3. Purpose

The purpose of this policy is to provide clear guidance for the RFO and Clerk on the raising, recording, monitoring, recovery, reporting and, where properly authorised, writing off of debts owed to the Parish Council.

The objective is to maximise income while ensuring that the costs and resources used to recover a debt remain proportionate to the amount owed and the likelihood of successful recovery.

- collect income due promptly and take appropriate recovery action where payment is not received;
- maintain complete and accurate accounting records and an audit trail of recovery activity;
- apply recovery procedures consistently and proportionately;
- comply with applicable legislation, proper practices and recognised sector guidance; and
- only write off debt where the debt is irrecoverable, uneconomic to pursue, or other appropriate circumstances apply, and the write-off has been properly authorised.

The RFO will report material outstanding debts and significant recovery matters to the Council or the appropriate committee in accordance with the Council's Financial Regulations and scheme of delegation. Matters requiring a Council decision will be referred to the appropriate meeting without undue delay.

4. Roles and Responsibilities

Parish Council: The Council approves this policy, its Financial Regulations and relevant fees and charges, and exercises any debt write-off or legal authority reserved to it. Where powers have been properly delegated, decisions will be taken within the limits of that delegation.

Responsible Financial Officer (RFO): The RFO is responsible for the proper accounting, monitoring and collection of income; ensuring invoices are supported by evidence; maintaining debtor records; initiating recovery action; maintaining an audit trail; reporting significant or long-standing debts; and making recommendations concerning further recovery or write-off.

The RFO will ensure that accounting records are maintained in accordance with applicable proper practices and that any provision for doubtful or irrecoverable debts is considered where appropriate.

Clerk: The Clerk may support the RFO with invoice administration, correspondence and recovery activity as authorised. Staff must act within their delegated authority and the Council's Financial Regulations.

5. Raising Invoices

All invoices must be supported by appropriate documentary evidence, such as a booking, contract, agreement, approved fee or other record establishing the debt. Charges must be based on the Council's approved fees, rents, hire charges or other agreed terms. VAT will be accounted for and charged at the prevailing rate where applicable.

Where practical and appropriate, payment in advance should be requested to reduce financial risk. Each invoice should clearly state the amount due, due date, payment methods, a description of the goods, services or facility supplied, and contact details for queries.

The RFO should ensure that debts are recorded against the correct debtor and that supporting documentation is retained in accordance with the Council's document retention arrangements.

6. Terms and Conditions

The Parish Council's terms and conditions should clearly set out the payment period, accepted payment methods, cancellation arrangements where relevant, and the consequences of non-payment.

Unless a different period has been expressly agreed, invoices will normally require payment within 30 days or less of the invoice date.

Interest, administration charges, compensation or other recovery costs will only be added where there is a lawful and enforceable contractual or statutory basis for doing so.

Terms and conditions should provide a clear route for a debtor to raise a genuine query or dispute.

7. Methods of Payment

The Parish Council's preferred payment method is bank transfer. Other payment methods, including cash or cheque, may be accepted where authorised by the Council's Financial Regulations and local arrangements.

Debts should normally be paid in full by the due date. Any payment arrangement or instalment plan must be documented and authorised in accordance with the Council's Financial Regulations or delegated authority.

8. Collection

The Council will use a staged recovery process. The timescales below are the normal procedure but may be varied where the nature, value, circumstances or legal requirements of a debt justify a different approach.

- **Stage 1 – Invoice:** The invoice is raised and sent to the debtor with the applicable payment terms.
- **Stage 2 – First reminder:** If payment is not received by the due date, the RFO will normally issue a written reminder giving a further 10 days to pay or contact the Council.
- **Stage 3 – Final demand:** If payment remains outstanding after the reminder period, a final demand will normally be issued giving a further 10 days to pay, unless a different period is appropriate.
- **Stage 4 – Further recovery:** If the debt remains unpaid, the RFO will assess whether further action is proportionate, including a payment arrangement, debt collection service, pre-action correspondence, or legal proceedings.
- **Facilities/services:** Where permitted by the relevant contract or terms and conditions, further use of Council facilities or services may be suspended while a debt remains outstanding.

All recovery action must be recorded, including dates of contact, copies of correspondence, telephone notes, payment arrangements and decisions made.

9. Reminder and Final Demand Letters

Reminder and final demand correspondence will clearly identify the debt, amount outstanding, original invoice or account reference, action required and deadline for payment.

The final demand should explain the potential next stage of recovery and, where applicable, refer only to charges or interest that the debtor is legally or contractually liable to pay.

10. Disputed Invoices

A debtor who disputes an invoice should contact the Clerk/RFO as soon as possible and provide sufficient information to explain the dispute. The Council will investigate genuine disputes promptly and fairly.

A disputed invoice or disputed element should be clearly flagged in the accounting records and recovery action on the genuinely disputed amount should normally be paused while the matter is investigated. Any undisputed amount remains payable unless otherwise agreed.

The RFO will seek to resolve disputes as soon as reasonably practicable, normally within 10 working days where the matter is straightforward. Any reduction, cancellation or amendment must be supported by evidence and authorised in accordance with the Financial Regulations.

11. Recovery Action

Where the staged recovery process has been exhausted, the RFO will assess whether further enforcement is appropriate. The assessment should consider the value of the debt, evidence supporting the debt, the debtor’s circumstances where relevant, the prospects of recovery, the likely costs of action, proportionality and any applicable limitation period.

Further recovery may include a formal pre-action letter, referral to an appropriate debt recovery service, or legal proceedings where authorised and considered proportionate. Any legal action must comply with applicable procedural requirements, including any relevant pre-action protocol.

Where a debt is referred for legal or external recovery, the debtor account and Council records must be kept up to date. Any payment received directly by the Council after referral must be recorded and, where necessary, communicated to the relevant recovery provider or court.

The RFO will report significant, contentious or material debts to the Council or relevant committee in accordance with delegated authority and the Financial Regulations.

12. Writing Debts Off

Irrecoverable or uneconomic debts should be considered for write-off only after the Council has considered the reasonable recovery options available. NALC's Practitioners' Guide states that irrecoverable debts should be written off after full consideration of the possibilities for, and likely costs of, pursuing the debt, and that uncollectable amounts should only be written off with member approval or under properly delegated authority to the RFO.

All write-offs must therefore be authorised by Full Council or by a properly delegated officer/committee where the Council's Financial Regulations expressly permit such delegation. The approval must be recorded in the minutes or other appropriate accounting record, together with the amount and reason.

The Council's existing local threshold of £100 may be used as a trigger for reviewing cumulative low-value debts, but it does not itself authorise a write-off. Each write-off must be properly considered and approved.

Where a debt is written off, the accounting records must be updated and the reason documented. A later recovery of a written-off debt will be recorded as income as appropriate.

Some examples the reasons why a debt maybe written off could include:

- the debtor cannot be traced after reasonable enquiries;
- the debtor is deceased and there is no realistic prospect of recovery from the estate;
- bankruptcy, insolvency or another formal process has exhausted reasonable recovery options;
- a court or authorised recovery service confirms that the debt cannot reasonably be collected;
- the debt is uneconomic to pursue, taking account of likely recovery costs and prospects; or
- other exceptional circumstances make the debt irrecoverable or further recovery disproportionate.

13. Data Protection, Confidentiality and Records

Debt recovery records will contain personal and financial information and must be handled securely and only used for legitimate Council purposes. Information will be shared with third parties only where there is a lawful basis for doing so and where the disclosure is necessary and proportionate.

The RFO will maintain an adequate audit trail of invoices, reminders, disputes, payment arrangements, recovery decisions, legal correspondence and write-offs. Records will be retained in accordance with the Council's document retention arrangements and applicable data protection requirements.

14. Monitoring and Review

The RFO will monitor outstanding debts regularly and provide appropriate reports to the Council or relevant committee. The Council will review this policy at least annually, or sooner if there is a material change in legislation, proper practices, NALC guidance, the Council's Financial Regulations or its debt recovery arrangements.

15. Legislative and Guidance Framework

This policy should be read alongside the legislation, proper practices and sector guidance applicable at the time. Key references include:

- **NALC Model Financial Regulations (England)** – current edition adopted or otherwise applicable to the Council.
- **Practitioners' Guide 2026/27**, issued by the Smaller Authorities Proper Practices Panel (SAPPP), including guidance on effective debt collection and the treatment of irrecoverable debts.
- **Local Government Act 1972**, including the Council's statutory powers and financial administration framework relevant to the activity.
- **Accounts and Audit Regulations 2015**, as amended, and other applicable local government accounting requirements.
- **Local Audit and Accountability Act 2014** and applicable proper practices for smaller authorities.
- **Limitation Act 1980**, where applicable to recovery of contractual debts.
- **Late Payment of Commercial Debts (Interest) Act 1998** and associated regulations, where applicable.
- **Data Protection Act 2018 and UK GDPR**, where personal data is processed as part of debt recovery.

This policy does not replace legal advice. Where a proposed recovery action is unusual, contentious, high value or legally complex, the Council should obtain appropriate legal or specialist advice before proceeding.

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