

Bad Debt / Recovery Policy

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1. Introduction

- 1.1 Wimborne Minster Town Council (the Council) generates income through invoicing for various services and while it is inevitable that from time-to-time invoices are unpaid, the Council has a duty to ensure that income generated for the Council from tax-payer-funded sites and services are diligently collected and pursued in accordance with this Policy.
- 1.2 This Policy outlines the Council's procedures for dealing with late payments and outstanding accounts (bad debts) in accordance with the Council's Financial Regulation section 9.4 which states: "Any sums found to be irrecoverable, and any bad debts, shall be reported to the Council and shall be written off in the year in accordance with the Council's Bad Debt Policy".

2. Aim of Policy

- 2.1 The aim of this policy is to make clear the procedure that the Council will follow to identify, minimise, and recover potential bad debts and write off any debts which cannot be recovered.
- 2.2 All accounts due will be collected in accordance with Financial Regulation section 9 and any sums found to be irrecoverable, or any subsequent bad debts, shall be reported to the Finance and Governance Committee (the Committee) for recommendation to Full Council.
- 2.3 The scope of this Policy incorporates all customers of the Council whereby monies are due for services provided. This includes all users of Council facilities, customers booking functions and training, and all other customers making use of facilities and/or Council services. See section 5 below for lease and tenant debts.

3. Credit control

Overdue accounts and bad debts will be treated in the following manner:

- (i) Invoices which remain unpaid after 30 days will receive a telephone call or email reminding the customer that the invoice remains unpaid.
- (ii) Invoices which remain unpaid after 45 days will receive a letter reminding the customer that the invoice remains unpaid.
- (ii) Invoices which remain unpaid after 60 days will receive a copy of the statement of the customer's account and a letter reminding the customer that the invoice remains unpaid including confirmation that all the Councils' financial information (including bad debts) will be reported to the Committee and is published on the Council's website.
- (iii) Invoices which remain unpaid after 90 days will receive a letter either via recorded delivery or by email with "read receipt" reminding the customer that the invoice remains unpaid, notifying them of the withdrawal of the service provided and that the Council will actively pursue all outstanding debts through the legal system.

4. Unrecovered debts

- 4.1 The Council will seek to minimise the cost of write-offs by taking all necessary action to recover what is due. Debts will be subject to full recovery, collection, and all reasonable legal procedures.
- 4.2 The Council recognises that where a debt is irrecoverable, prompt, and regular writing-off of such debts is good practice. Whilst writing off bad debts is a non-routine function; all practical means should be taken to recover outstanding amounts due to the Council before the RFO recommends writing off a bad debt to the Committee. Before this decision is made, due diligence consideration should include the following:
- the cost of recovery against the amount owed,
 - the likelihood of success,
 - a review to ascertain whether the correct credit control procedures were followed and/or could be improved.

Any debts to be written off should be reported in the form of a debt report from the Council's accounts software to the Committee and recommended to Full Council with the following information:

- customer reference,
- invoice number,
- date of invoice,
- amount of debt,
- reason for write off,
- recovery history.

Council resolutions are to include the above information, the date of the write-off and the authorisation to write off the debt (minute reference).

- 4.3 The Responsible Financial Officer should ensure any bad debts and doubtful debts are correctly accounted for at the year end.

5. Other debts

- 5.1 All debts arising under Leases or Tenancy Agreements will be treated on their own merit and will not be subject to the ordinary Debt Recovery Procedure outlined above. Alternative remedies for unpaid rent or service charges should be wholly considered before the course of action for debt recovery is determined.

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