

HOOE PARISH COUNCIL DEBT RECOVERY POLICY

November 2024

1. Introduction

- 1.1 This policy outlines Hooe Parish Council's procedure for dealing with late payments and outstanding accounts (bad debts) in accordance with Financial Regulations and other relevant legislation.
- 1.2 The aim of this policy is to implement an open and transparent process for Hooe Parish Council to identify, minimise and recover potential bad debts and to write off any debts which cannot be recovered.

2. Roles and Responsibilities

- 2.1 The Responsible Finance Officer has the statutory duty to manage the parish council's finances under section 101 of the Local Government Act 1972. This includes the supervision of all income arrangements, which include proper accounting, collection arrangements and reporting to the parish council. The Responsible Finance Officer must ensure income is reported correctly in the parish council's accounts and to make an appropriate annual provision for bad debts in consultation with the parish council.

3. Credit Control

- 3.1 All income will be collected in line with the parish council's Financial Regulations and any sums found to be irrecoverable or any bad debt shall be reported to a Full Council meeting whereby the parish council will determine the action in accordance with the Debt Recovery Policy.
- 3.2 Invoices will be sent out at the end of each calendar month (unless otherwise stipulated in an agreement or arrangement) and must be paid within 14 days from the date of issue. If the invoice remains unpaid after 30 days a reminder will be sent out notifying the consumer of the unpaid debt. A final demand will be issued to the consumer once 90 days has passed.
- 3.3 The parish council may consider an application from the consumer to pay the debt by instalments if the consumer is facing financial difficulties. The parish council may agree to implement a payment plan with the consumer over a set period to clear the debt. Where possible any debt should be paid by the consumer by the end of the current financial year.
- 3.4 Should the consumer fail to meet the terms of an agreed payment plan; the parish council must review the terms agreed and consider any mitigating reasons before the terms of the Debt Recovery Policy is enacted.

4. Disputed Invoices

- 4.1 The Responsible Finance Officer will monitor outstanding invoices and deal with any debtor dispute arising from the consumer. If a debtor wishes to dispute an invoice, the debtor will be required to write to the Responsible Finance Officer setting out the reason for the non-payment within 7 days of the notification of the dispute. The Responsible Finance Officer must attempt to resolve the matter at the earliest opportunity and provide a written response to the consumer with the outcome of their investigation.

5. Recovery Action

- 5.1 The parish council must decide whether to either write-off the bad debt or refer the debt to the small claims court. Where a case has been referred to the Small Claims Court for collection and a direct payment is received to the parish council, the Responsible Finance Officer will notify the Small Claims Court with immediate effect.

6. Write-Off Bad Debts

- 6.1 Hooe parish council will seek to minimise the cost of write-offs by taking all necessary action to recover what is due to the parish council. Debts will be subject to the full recovery, collection and all reasonable legal procedures being adopted by the parish council to mitigate writing off the debt. The debtor remains liable for up to 6 years
- 6.2 The parish council must recognise that where a debt is irrecoverable, prompt and regular write 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 and due diligence consideration should include the following:

- The likelihood of success.
- Were the correct credit control procedures followed.
- Could procedures and practices be improved.

Reason for Bad Write-Off

- Absconded or unable to trace.
 - Bankruptcy (having already registered a claim).
 - Deceased.
 - Uneconomic/not cost effective to pursue.
 - Courts advise they are unable to collect, and all options are exhausted.
- 6.3 The Responsible Finance Officer will prepare a list of debts to be written off at the end of each financial year for approval by the parish council which details the value of each debt, age, action taken, and any reason for the write-Off request.

A debt report will include details of:

- What the debt relates to.
- Details of the person owing the debt.
- The total amount including any arrears brought forward at the start of the accounting period.
- The current state of any recovery action taken.
- Recommendations from the RFO.
- Reason(s) for write off request.

Any bad debts must be correctly accounted for in the end of year accounts.