

Debt Recovery Policy – presented to Council May 2016

Section 1 – Risk

To identify Revenue sources for Council which may be subject to bad debt

- Pavilion usage/ hirings
- Sale of advertising in Village Newsletter
- Allotment rentals

Pavilion

Pavilion usage overseen by Management Committee. Most usage is in cash selling pitches at car boots/refreshments etc. and it has an effective petty cash system in place. Regular cross checks with receipts are made and banking takes place promptly via Committee member who is employed at PC's bank. Minimal risk of bad debt and only risk factor is the handling/transfer of cash.

Monthly invoices are usually paid direct into bank account or settled direct by cheque.

Newsletter Advertising

The Newsletter Committee 'sell' the advertising and has responsibility for this. All advertisements are now paid for in advance or they are not published. Rates set at annual budget meeting and no credit account in operation. Any cash payments for advertisements would be banked promptly and verified by Council. Minimal risk.

Allotments

Allotment rentals are collected each year and supervised by Council members. Usually paid by cheque as a whole after representative has collected and collated all tenants rentals. Minimal risk.

Risks identified as subject to possible bad debt

All income streams.

Section 2 – Action

To formulate a policy for the Council which covers debt recovery

Current course of action for outstanding payments

Customer is sent monthly invoice and is given 30 days to settle the account. If payment has not been forthcoming when next monthly invoice is sent out, a polite reminder statement is written on the next invoice/e.mail to remind them the previous month's is overdue.

Reasons for delay may be query on dates used etc. and these are usually sorted out quickly and payment then made and invoice re-issued/amended.

If payment was not forthcoming after two months and hirer was unresponsive to requests, then Clerk would usually alert Chairman and then whole Council at next available meeting to ask for action agreed by Council. This would usually be to recommend to the Clerk that a letter be sent advising that any customer account would be terminated/account placed on stop if payment not made within 14 days.

Further to the above, if payment was still outstanding, the Clerk would then recommend terminating usage/advertising/allotment tenancy and Council would be recommended to pursue any outstanding debt through a small claims court should the amount be suitable.

There is a scale of fees for the small claims procedure, which is done online. Scale of fees is sliding scale on amount of debt.

Recommend that adopted policy be that Clerk alerts to bad debt, if over £75 it be pursued if financially viable, if below then Council would decide to write off debt and exclude debtor from having further/future account.

Recommended course of action for outstanding payments

- To continue with payments in advance from all advertisers in Newsletter prior to running the advert
- To formally adopt a 30 day payment term for monthly invoices for regular/long-term hall hirers
- To formally adopt a policy of issuing an 'overdue' statement after 30 days as a reminder for overdue payments, giving a 14 day period to settle the account and advising of the next step of the small claims court
- To formally adopt a policy where a debt still outstanding subject to the conditions above, and which is over £75, is automatically then sent to the Small Claims Court for collection.

Kjp/may16