

# Debt Recovery Policy

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## Document History

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## Introduction

As a Council that generates significant income through invoicing for hire of Sports Grounds, Burial Ground charges and Allotment rent it is inevitable that from time to time invoices are unpaid in accordance with the Council's standard payment terms (see below).

The Council has a duty to ensure that income generated for the Council from tax payer funded sites is diligently collected and pursued in accordance with this Policy. From time to time the amount of an outstanding invoice may not warrant the time and expense involved in pursuing it beyond a certain stage, and will be written off in accordance with this Policy.

## Standard Payment Terms

All Gainsborough Town Council invoices will be subject to standard payment terms of 28 days from the date of issue of the invoice save for where alternative specific payment terms apply i.e. in accordance with Allotment Agreements rent payment terms.

## Debt Recovery Procedure

### Presumption

There is a presumption in favour of all relevant debts being pursued in accordance with this Policy however the Council reserves the right to treat individual cases on their own merit. All officer activity in relation to debt recovery actions will be logged.

### **Stage 1:**

Debtors for invoices that are unpaid within 40 days of the date of issue will be sent a reminder letter or e-mail enclosing a copy of the invoice within 5 working days of the 40 day deadline arising.

### **Stage 2:**

Debtors for invoices that are unpaid within 60 days of the date of issue and who have been sent a communication in accordance with Stage 1 will be sent a Final Demand indicating that unless payment is made within 14 days of the date of that communication the outstanding debt will be pursued by way of formal debt recovery procedures. In appropriate cases as determined by the Clerk or RFO the debtor may also be advised at this stage that unless payment is made within 14 days their use of Town Council facilities will be suspended.

### **Stage 3: Invoices exceeding £50.00**

Debtors that are unpaid at 80 days of the date of issue and who have been subject to the reminders as per Stage 1 and Stage 2 will be referred to the Council's Solicitors who will be instructed to issue letters before action to each debtor.

### **Stage 3: Invoices below £50.00**

Details of debtors that are unpaid at 80 days of the date of issue and who have been subject to the reminders as per Stage 1 and Stage 2 will be referred to the Finance & Strategy Committee of the Council who will in relation to each debt resolve to take one or more of the following steps:

1. Write off the debt.
2. Suspend the Debtors use of Town Council facilities (if ongoing)
3. Instruct the Clerk/RFO to pursue the debt using appropriate measures.

### **Stage 4:**

All outstanding debts that remain unpaid after Stages 1, 2 and 3 above will be referred to the Finance & Strategy Committee who will determine the extent of any further debt recovery action to be taken.

### **Debts Arising under Leases or Tenancy Agreements**

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.

### **Outstanding Debts of £1,000.00 or more**

For all outstanding debts of £1,000 or more and which are outstanding after the debt Recovery Procedures above have been followed there will be a presumption in favour of the debt being pursued by way of appropriate Court proceedings.

Debts exceeding £1,000.00 may only be written off by a resolution of Full Council with each case being considered on its own merit.

### **Policy Review**

This policy will be reviewed biennially.