

Sundry Debt Management and Recovery Policy

1. Introduction

- 1.1 Forest Heath and St Edmundsbury Councils (referred to in this document as "West Suffolk" or "the councils") provide a wide range of services for which they charge. Where possible, officers must endeavour to obtain payment or raise invoices for all goods or services provided by the councils in advance of the good or service being received by the customer. This helps to minimise the uncertainty of payment and the need for officer time to be spent on recovering overdue payments. The councils are committed to the roll-out of online and direct debit payment methods to support pre-payment.
- 1.2 Where it is not possible or appropriate for payments to be made in advance of the good or service being provided, payments are made following receipt. Where such payments are not made on time this gives rise to a requirement for the originating council department to actively pursue the recovery of the debt from the individual or organisations that has not paid on time. Effective management and collection of such monies is an essential contributor to the councils' financial resources for service provision.
- 1.3 The purpose of this document is to set out the policy in relation to the invoicing and recovery of "sundry debts" (see definitions below) across West Suffolk. The policy is supported by an updated flowchart of the sundry debt process (attached) and written procedures and guidelines. The councils operate a decentralised process of sundry debt management i.e. responsibility is delegated to the originating council team and it is therefore essential to operate clear and common practices across all service areas.
- 1.4 This policy excludes the following debts as they are subject to their own legislation / regulations:

Debts managed through Anglia Revenues Partnership such as:

- Council Tax
 - Business Rates (Non Domestic Rates)
 - Housing Benefit Overpayments
- Parking Fines

2. Definitions

- 2.1 A "debtor" is any body (whether an individual or organisation) who is due to pay for goods or services received from the councils, and has not yet paid the full amount owed. The term does not necessarily imply fault on the part of the individual or organisation: it is used to cover all monies owing to the council, whether they are overdue or not.
- 2.2 "Debt" refers to the amount owed.
- 2.3 "Sundry debts" are non-statutory charges for goods and services, where the customer chooses to request the provision of goods or services from the councils, and are invoiced via the councils' financial system. Examples include commercial rents, environmental health services and commercial refuse collection.

3. Aims of this policy

3.1 The aims of this policy are as follows:

- to ensure that sundry debts are managed in accordance with legislative provisions and good practice;
- to maximise income collected by the councils;
- to minimise debtors' balances outstanding over 30 days, and therefore the need for bad debt provisions, and actual sundry debt write-offs.
- to ensure a professional, consistent, cost-effective and timely approach to recovery action across all of the councils' services; and
- to ensure customers' circumstances and ability to pay are fully taken into account so as to distinguish between the customer who won't pay and the customer who genuinely can't pay.

4. Responsibilities of the councils

4.1 The following general principles will apply in the creation, management and recovery of sundry debts owed to the councils. These are in line with the councils' Joint Enforcement Policy:

- invoices will be raised accurately and promptly;
- all information provided to the customer is clear and easy to understand;
- the approach taken is firm yet sensitive to the circumstances of the customer, in line with our customer services standards and the West Suffolk equality scheme;
- where appropriate, payment arrangements are agreed with customers;
- procedures are efficient and cost-effective; irrecoverable debts are written off in accordance with the councils' financial procedure rules;
- all staff involved in invoicing, collection and recovery action comply with the councils' written procedures and guidelines, and are polite and courteous towards customers at all times; and
- appropriate advice and support is given where necessary.

5. Responsibilities of the Customer

5.1 The customer has a responsibility, to inform the council immediately if they cancel a direct debit arrangement or if there are any problems with a credit card payment.

5.2 Customers also have a responsibility to pay their invoices within the terms specified and if this is not possible, they should:

- communicate with the councils when experiencing genuine financial difficulties or querying/disputing an invoice value or item.
- provide the councils with the information requested to enable an evaluation of their financial situation to be assessed when reaching agreements for a payment plan;
- pay agreed instalments promptly; and
- contact the councils with any changes to their financial situation affecting their ability to pay, or change of address.

6. Invoicing/Payment arrangements

6.1 At the point at which a customer requests the councils' goods or services, the originating service area will establish a liable individual or company together with their name, address, email address and phone number recorded by the councils.

6.2 Pre-payment for goods or services

Officers must look to charge for goods and services through pre-payment wherever possible so as to minimise costs and uncertainty of collection and maximise cash flow / income collected. To this end, the councils are committed to making payment methods as quick and as simple as possible for customers. This includes rolling out online payment, direct debit payments and credit card payments to as many service areas as possible.

Discounting payments in advance and/or charging for late payment are both areas which the councils will be investigating as methods of incentivizing debtors to pay more promptly in light of the Councils' channel shift agenda.

6.3 Payments under £25

The council will not raise invoices for values of less than £25, and will require payment in advance for all transactions at this level except in the case of peppercorn rents, legal charges for access rights or where an obligation exists to make a token payment.

6.4 Invoicing arrangements

Where pre- payment arrangements are not available all invoices for goods or services already received will be raised using the approved financial system within 5 working days of the service being provided or subscription agreement (or at month end, depending on the nature of the service). The invoice will include clear, relevant and full information regarding:

- what the invoice is for, including date or period of service covered, and amount;
- name, address and tax point etc.
- the date payment is due;
- how to pay; and
- how to contact the councils if there is a query in relation to the invoice or to making payment.

6.5 It is the councils' intention that in the future invoices will be sent to customers via e-mail wherever possible (unless contrary to regulations or other statutory or legal requirements). At present they are posted second class.

6.6 Customers are encouraged to make prompt contact with the originating council department if they disagree with the invoice or have difficulty in making payment on time. Contact can be made via telephone, letter, e-mail or in person. Full contact details are available on the invoices and the councils' website.

7. Methods of payment

7.1 Direct debit is the easiest payment method for customers and is the most efficient for the councils which helps keep the cost of collection as low as possible. Where a customer is unable to pay by direct debit or it is not appropriate (e.g. for a 'one off'

invoice) a choice of convenient methods of payment are provided.

- 7.2 Payments can be made by direct debit, online at www.westsuffolk.gov.uk, calling our automated telephone line on 01284 757000 (SEBC) / 01638 716980 (FHDC), by post, or in person at our offices during office hours. Payments by credit card will generally incur a fee whilst debit cards are free to use.

8. Credit Notes

- 8.1 Where an invoice has been raised in error, it is not appropriate that the debt is written off but that a credit note is raised so that the cost is charged back to the service.
- 8.2 Credit notes will only be used when an invoice is raised incorrectly or the service is cancelled and must not be used to write off sundry debt. Credit notes must be authorised in line with the Scheme of Delegation and must not be authorised by the same officer who raised the invoice. They must also clearly reference the original invoice to which the credit relates.

9. Refunding credit balances

- 9.1 The councils will adopt a "corporate approach" to refunding credit balances. This means that wherever possible, checks will be made for other outstanding sundry debts to the councils held by the customer, prior to a refund being made, and arrangements may be made with the customer to allocate the refund to offset another sundry debt.
- 9.2 Likewise, when the customer is also a supplier to the councils, if overdue sundry debt is outstanding, the councils reserve the right to offset any overdue sundry debts owed to them from the monies owed to the supplier account. This only applies if there is no dispute over the validity of the sundry debt to the councils i.e. the councils should not prevent payment of an account to a supplier if that supplier disputes, or has an outstanding query, on a sundry debt owed to the council. All future supplier contracts will include a clause clarifying this right.

10. Recovery

- 10.1 In recovering debts due the councils will follow the principles outlined in the 'Enforcement Concordat: Good practice guide for England and Wales'. In summary this means that they will be proportionate in their actions, consistent in approach and transparent in their dealings with all customers.
- 10.2 Terms and conditions are designed to protect the rights of the councils, limit potential liabilities and provide some degree of security for the recovery of the debt. They include details of the councils' acceptable payment methods, payment terms, reference to our statutory right to claim interest on late payment and compensation for debt recovery costs where applicable. These areas are considered at the point of commercial agreement and formally contained within contracts or agreements (existing customers would remain on previously agreed terms and conditions).
- 10.3 Where a debt remains unpaid or if instalment plans or arrangements are broken the councils will follow a reminder and recovery process for the outstanding sundry

debt, although this process may alter depending on the individual circumstances of the customer or the type of outstanding debt.

- 10.4 Where appropriate all reminders and final notices will be issued by second class post unless contrary to regulations or other statutory or legal requirements. The intention is to move to e-mail.
- 10.5 A first reminder will be sent 7 days after the payment due date requesting the customer to make immediate payment. Should payment not be received within 7 days of the first reminder a final reminder will be sent giving the customer a further 7 days to pay to avoid the debt progressing to the legal recovery stage. At this stage the debt could become the subject of a County Court action, with the councils obtaining a County Court Judgement against the customer. Once a judgement is obtained the councils can enforce the judgement by applying for:-
 - an Attachment of Earnings Order;
 - a Warrant of Execution against the customers goods;
 - third Party Debt Order; or
 - any of the other enforcement processes available through the County Court.
- 10.6 The councils would aim to make an agreement with the customer for payment to avoid such action. However, if action is required the councils will progress the method most appropriate to the individual case and the circumstances of the customer.
- 10.7 Efforts (through legal action) will be commensurate with the amounts involved and the particular circumstances of the case.
- 10.8 For customers seeking help due to financial difficulties we will, where appropriate, consider alternative payment plans on a case-by-case basis taking into account all sundry debts owed to the councils. Customers will also be signposted to relevant advice agencies where appropriate.
- 10.9 Where legally permissible, the provision of future services to the customer will be suspended until outstanding debts are settled.
- 10.10 Where the councils incur additional costs as a result of non-payment, e.g., court costs, these will be added to the outstanding debt and (where allowed under statute) recovered from customers. Section 69 of the County Courts Act 1984 allows interest to be claimed from the date of invoice to the date of issue of court proceedings and will be added to any debts that are recovered in this manner. Where third party collection agencies are employed, these agencies may apply their own costs to the amount to be recovered.
- 10.11 Ownership of all sundry debts rests with the originating council department. Prior to the debt being passed to the Legal Team it is their responsibility to correspond with or discuss with the customer issues relating to the validity of the debt and exhaust all collection possibilities.
- 10.12 Regular reports will be generated providing a status as to the value of outstanding sundry debts.

11. Vulnerable customers

11.1 The councils will endeavour to take account of the needs of vulnerable customers (e.g. elderly, seriously ill, mental health issues) throughout the sundry debt recovery process, with staff considering the wider implications of any recovery actions on both the customers and the councils.

13. Debt write-off

13.1 Whilst the councils will make every effort to pursue outstanding sundry debts, it is recognised that in some circumstances debts are not recoverable. Good practice dictates that where they are irrecoverable, prompt and regular write-off should be undertaken. The write-off of any debt is governed by the councils' Financial Procedure Rules, which form part of the Constitution. In order to request a write-off, services must demonstrate that debt management procedures have been followed, and that one or more of the following conditions have been met:

- legal action is unlikely to be successful;
- the debt is not recoverable for legal reasons e.g. statute barred debt;
- the customer is deceased;
- there is no trace of the customer;
- legal recovery would cost more than the outstanding debt;
- the customer is insolvent and there is little likelihood of a dividend;
- the circumstances of a particular case makes recovery from an infirm or elderly debtor unreasonable; or
- the debt has been remitted by the Court.

13.2 The councils reserve the right to reinstate, within statutory deadlines, any sundry debt where it becomes apparent the circumstances for write-off are no longer applicable, for example the customer is traced / funds become available.

14. Accessing advice and support

14.1 The councils will seek to refer individuals to those bodies who can provide information about debt advice and potential statutory benefits and discounts to those who cannot pay.

14.2 Staff will remind customers of the importance of paying priority debts, for example, council tax arrears.

14.3 We will encourage customers to deal with their priority debts first, as it is these debts which could result in a customer losing their freedom or home.

14.4 Customers who are in financial difficulty may find it beneficial to obtain specialist advice. The councils welcome the involvement of welfare agencies where authorised by the debtor in connection with debts due to the councils and recognises the benefits that these organisations can offer both the debtor and the councils in prioritising repayments to creditors and in maximising income available to the debtor. Details of those who are able to offer advice can be found on the councils' website <http://westsuffolk.gov.uk/>

15. Sharing of information

- 15.1 The councils recognise their responsibilities under the Data Protection Act and will ensure that customer information remains secure.
- 15.2 Information on sundry debts will be shared, if necessary, between council service areas to help develop a payment arrangement and external audit as appropriate.
- 15.3. Before sharing personal information with external agencies acting on behalf of a customer, the council will seek the customer's consent first.

16. Performance monitoring

- 16.1 The councils recognise that prompt recovery action is key in managing sundry debt, and thereby maximising income. The councils will therefore:
- monitor the level and age of all debts on a regular basis;
 - set clear targets for the recovery of debt; and
 - review the recovery procedures, on a regular basis, to ensure they remain effective and comply with good practice.
- 16.2 The invoicing, collection and recovery process may also be subject to periodic Internal and/or External Audit reviews.

17. Procedures and Training

- 17.1 This policy will be made available to all staff and in particular those dealing with invoicing, collection and recovery. The contents of the policy will be reinforced by training and supervision of staff involved in these areas.

18. Publicity

- 18.1 The policy will be promoted through the website and with external agencies as appropriate. Customers will be reminded that such a policy does not mean they do not have to pay their debts but it is a way of managing how they pay the money they owe.

19. Customer Service Standards, Equality and Diversity

- 19.1 All correspondence with customers will be conducted in accordance with the policies the councils have relating to Customer Service Standards and Equality and Diversity. Further information is available on the Councils' website.

20. Complaints and Disputes

- 20.1 The councils will endeavour to resolve any disputes in relation to sundry debt arrangements at the earliest possible opportunity. If any member of the public believes that the councils have acted in a way that is not in line with this policy, the West Suffolk Comments, Compliments and Complaints process will be followed.

21. Review

- 21.1 The councils are committed to continuous improvement and it is critical that new approaches and ways of working are introduced.
- 21.2 This policy will be periodically reviewed in line with any new ways of working, any challenges identified and changes in legislation. Minor alterations to the policy will be approved by the Head of Resources and Performance in consultation with the Portfolio Holders. Any substantive alterations to the content of the policy will be approved by the councils' Cabinets, in consultation with the Performance Audit and Scrutiny Committee(s) if appropriate and/ or necessary.