

DEBT MANAGEMENT	21 February 2017
CORPORATE, POLICY AND RESOURCES COMMITTEE For decision	

Linkage to Council Strategy (2015-19)	
Strategic Theme	Innovation and Transformation
Outcome	The Council will continuously examine and introduce ways to provide services in more accessible and efficient ways
Lead Officer	Chief Finance Officer
Cost: (If applicable)	

1.1 Background

Council implemented a new Debt Management Policy in April 2016. Following presentation of a debt management report at January committee the policy has been revised.

1.2 Detail

At the January meeting of this committee some member felt it would be acceptable to delegate authority to the Chief Finance Officer with respect to the writing off of debts which are deemed irrecoverable. The attached updated policy has included this suggestion setting the level of delegated authority at £1,000 with any debt larger than this requiring Council approval before write-off.

1.3 Recommendation

It is recommended that the updated Debt Management Policy be approved with effect from 1 March 2017.



**Causeway
Coast & Glens
Borough Council**

DEBT MANAGEMENT POLICY

Policy Number	
Version Number	2017-1
Author	D Wright

Date of Screening of Policy	
EQIA Recommended?	YES
Date Adopted by Council	
Date Policy Revised	

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1. INTRODUCTION

Causeway Coast and Glens Borough Council is committed to reducing the probability of bad debts arising. The Council will ensure that a robust debt management procedure is adhered to by all relevant staff and is applied to all customer sales transactions.

2. POLICY STATEMENT

The purpose of this document is to communicate to staff and council debtors the Council strategy for the avoidance of bad debts arising, in meeting its financial obligations. This policy sets out the framework within which debt management will be administered within the Council

Signed: _____ Date: _____
Mayor
Causeway Coast and Glens Council

Signed: _____ Date: _____
Chief Executive
Causeway Coast and Glens Council

3. DEFINITIONS

Debtor

A debtor is any body (whether an individual or organisation) who has received goods or services from the Council, or is liable for a statutory debt, and who has not yet paid the full amount owed.

Legal Action

Legal action may include:

Small claims court – Civil Bill – up to £30,000

Writs – over £30,000

Enforcement of Judgements Office

Bankruptcy Proceedings – where debt exceed £5,000

4. ACCOUNTABILITY AND RESPONSIBILITIES

The **Mayor and Elected Council Members** are responsible for:

- Accountability to the electorate to ensure the Council makes best and appropriate use of public finances

The **Chief Executive** is responsible for:

- Accountability to the Council for budgets allocated to Council for the provision of services

The **Chief Finance Officer** is responsible for:

- Being accountable to the Chief Executive for the detailed aspects of the Council Policy particularly in respect of the organisation and arrangements for the implementation and operations of this policy.

5. IMPLEMENTATION ARRANGEMENTS (OR ASSOCIATED PROCEDURES)

5.1 Credit Control

The credit control function for Causeway Coast and Glens Borough Council is the responsibility of the Finance Department and in particular the Accounts Receivable section within Finance.

The Credit Controller will monitor on a continual basis the debtors listings produced from Council's finance system highlighting any debts which remain unpaid after the end of period set out in Council's terms and conditions of contract (normally 30 days unless stated otherwise).

Where invoices are produced by a method other than the finance system the originating department/service shall at least monthly provide the Credit Controller with listings of outstanding invoices after the period specified in terms and conditions of contract.

The Credit Controller will seek recovery of the debts referred above in accordance with the procedure outlined below in 5.2 below.

5.2 Recovery of Debt

Follow-Up Procedure for Collection of Outstanding Debts

Before instigating these procedures, care must be taken to ensure that the Council has not received payment.

A written record of all actions taken including any must be made in the Finance Department.

The procedure for recovery of debt is as follows:

- (a) The Finance Department will contact debtors by telephone where the amount owed justifies the time involved.
- (b) 1 month after issue of invoice:
Statement issued to the Debtor detailing the outstanding debt.
- (c) 1 month after statement:
Final Notice Issued to the Debtor requesting payment and giving notice that legal action will be taken to recover debt and that service will be withdrawn, unless the debt is settled within 7 days, without further notification.
- (d) Legal action commenced and consultation with service department regarding withdrawal of service. The Legal Action Notice template to be used is attached as appendix 1.
- (e) In exceptional circumstances, as determined by the Chief Finance Officer, the Credit Controller may enter into arrangements with customers to facilitate repayment over a fixed period of not more than 12 months. Any agreement made shall be authorised by the Chief Finance Officer. The repayment arrangement form template to be used is attached as appendix 2.

The Finance Department shall ensure the timely commencement of legal action depending on whether the debt was invoiced monthly or quarterly in accordance with the terms of business applicable with the originating service or department

5.3 Bad Debts

At the commencement of the Legal Action stage in 5.2(d) above the debt will be classified as doubtful and the Credit Controller shall notify the Chief Finance Officer that this has occurred. The Chief Finance Officer will make a provision for that debt in Council's accounts

No item should be written off as a bad debt unless all reasonable steps have been taken to recover the amount.

A debt can be written off if it falls into one of the following categories

- (a) All legal options have been explored and exhausted with no success.
- (b) A debtor has moved premises and all attempts to trace have proved unsuccessful
- (c) The costs to be incurred in pursuing the debt outweigh the potential benefits
- (d) The debt is older than the statute of limitations (6 years) and court proceedings have not been commenced within the 6 years.

All debts following consultation and agreement with the relevant Director/ Senior Manager may only be written off when approved either:

By the Chief Finance Officer for debts up to £1,000; or

By the Corporate, Policy & Resources Committee and subsequently ratified by the Council where the debt is in excess of £1,000.

In order that the value of debtors may not be overstated in the Council's Balance Sheet at 31 March in any year the Finance Department should examine the sundry debtors' lists each month and arrange to have bad debts dealt with by the procedure as outlined above. The Credit Controller will on at least a quarterly basis meet with relevant Directors/Heads of Service/Service Managers to review outstanding debtors.

5.4 Procedure for writing off bad debts up to £1,000

The Chief Finance Officer having approved that the debt should be written off will prepare an information report for the Corporate, Policy & Resources Committee on at least a quarterly basis. The report must indicate:

- The amount of the debt
- The service provided which gives rise to the debt
- The account reference of the debtor
- The Chief Finance Officer to advise if in their view all reasonable steps in accordance with the Council's procedure have been taken to recover the debt.

5.5 Procedure for writing off bad debts in excess of £1,000

The Chief Finance Officer having approved that the debt should be written off will prepare a report item for decision for the Corporate, Policy & Resources Committee on at least a quarterly basis. The report must indicate:

- The amount of the debt
- The service provided which gives rise to the debt
- The account reference of the debtor
- The Chief Finance Officer to advise if in their view all reasonable steps in accordance with the Council's procedure have been taken to recover the debt.

When the Council has approved the Committee decision the Credit Controller will update the Sales Ledger and other records accordingly and will also notify relevant departments of any debts written off and it is once again the responsibility of all departments to ensure that all bad debtors notified to them are no longer permitted to use fee based Council facilities/services unless payment is received in advance

6. EVALUATION AND REVIEW OF THE POLICY

This policy will be reviewed every three years or whenever changes affect it whichever is earlier by the Chief Finance Officer.

7. SECTION 75 EQUALITY AND GOOD RELATIONS

Causeway Coast and Glens Council is fully committed to meeting its obligations in relation to Equality and Good Relations under Section 75 of the Northern Ireland Act. In this regard this policy will be screened using Section 75 guidelines and will be subject to an Equality Impact Assessment if found necessary as a result of the screening process.

8. CONTACT DETAILS

Any issues or queries relating to this policy should be addressed to:

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