



Working for West Dorset

WEST DORSET DISTRICT COUNCIL
CORPORATE DEBT MANAGEMENT POLICY
AND PROCEDURES

As approved by the Executive Committee 9 September 2008

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1. Introduction and objectives

This document sets out the Council's policy and procedures in relation to the billing, collection and recovery of monies owed to the Council.

The Council provides a range of services, and is responsible for the collection of local taxes. Whilst the majority of this income is collected in a timely manner, there are occasions when debt-holders do not make payments on time. This gives rise to a requirement to actively manage Council debt, and to set out clearly how the Council will enforce payment of monies owed.

Methods for the billing and recovery of statutory debt are defined within the relevant statute. Methods for the billing and recovery of non-statutory debt are designed to comply with best practice.

The Council's objectives in relation to debt are:

- To minimise the amount of debt held at any one time; and
- To provide a corporate approach to the billing, recovery and collection of debt that is proportional, consistent and transparent.

2. Definition of a 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.

The Council will seek payment for goods or services in advance of performance wherever possible.

With the exception of property rents, for which payment is required in advance in accordance with the terms of the property lease, and unless otherwise stated, the Council would normally expect monies owed in relation to trade debt to be paid within 28 calendar days of the invoice date.

The Council's trade debt (for services ranging from trade waste collection to leisure centre membership) is administered on its Sundry Debtor system. WestWey administers revenues and benefits debt on the Academy system on behalf of the West Dorset District Council.

3. Procedure for raising an invoice

Where possible the Council's trade debt invoices are raised on the Sundry Debtor system via a feeder file, or have been set up as a recurring charge.

For those invoices that need to be raised manually by Exchequer, officers should send the following information to Exchequer:

- Customer name
- Customer address
- Customer number (if existing customer)
- Value of invoice (net of VAT)
- VAT type (if applicable)
- Establishment code (if known)
- Income code
- Detail of the goods/services supplied, which could include:
 - Goods – type of goods supplied, date of supply
 - Services – nature of service, address of property (in the case of trade waste collection or property rental etc), dates during which supply has been or will be made
- Whether the invoice is for a recurring supply, or is for a one-off supply
- If recurring: frequency of recurrence (monthly, quarterly, annual)
- Any special instructions (e.g. please provide a DD form to new customer)

Exchequer should then feedback the invoice number to the relevant Division for future reference.

Whenever possible customers should be encouraged to make payment via Direct Debit.

For those invoices raised manually by Divisional officers, such officers should ensure that adequate records are retained for audit purposes.

4. Performance monitoring and reporting of debt

The following table sets out the frequency and type of debt reporting, the responsibilities associated with monitoring debt levels, and responsibilities for monitoring this policy:

Type of Debt	Activity	Report to	Responsible Officer	Frequency
Sundry	Divisional Monitoring	Service Manager	Exchequer Supervisor	Monthly

Type of Debt	Activity	Report to	Responsible Officer	Frequency
Sundry	Summary Aged Debt Report	Management Team	Finance Manager	Quarterly
Sundry	Summary Aged Debt Report	Audit & Governance Committee	Finance Manager	Twice a year
Revenues, Benefits and NNDR	Divisional Monitoring Report	Service Manager and Corporate Directors	Business Development Team Leader	Monthly
Revenues, Benefits and NNDR	Summary Aged Debt Report	Management Team	WestWey Manager	Quarterly
Revenues, Benefits and NNDR	Summary Aged Debt Report	WestWey Partnership Board	WestWey Manager	Quarterly
All debt	Review of Policy	Executive Committee	Finance Manager	Every 3 years

Performance targets for debt invoicing, collection and debt recovery:

Type of Debt	Activity	Target	Responsible Officer
Sundry	Invoicing	Invoice request to be raised in advance where possible, but no later than 30 days after the supply of the related goods or service	Service Manager
Sundry	Invoicing	Invoice to be raised within 2 days of the invoice request being received	Exchequer Supervisor/ Divisional Officer
Sundry	Collection	Debtor receipt to be processed within 3 days	Exchequer Supervisor
Sundry	Enforcement	See sections 7 & 8: Enforcement procedures	Service Manager
Sundry	Aged Debt KPI	% of debt over 6 months but less than 1 year to be less than 3% of total debt*	Service Manager
Sundry	Aged Debt KPI	% of debt over 1 year but less than 2 years to be less than 2% of total debt*	Service Manager
Sundry	Aged Debt	% of debt over 2 years old to	Service

	KPI	be less than 1% of total debt*	Manager
Type of Debt	Activity	Target	Responsible Officer
Sundry	Aged Debt KPI	Irrecoverable debt to be written off within 6 months	Service Manager
Council Tax	That we will maximise the level of collection	That we will collect 98.55% of years tax in 08/09 and 98.60% in 09/10	Revenues & Technical Manager
Rates	That we will maximise the level of collection	That we will collect 99.50% of years charge in 08/09 and 99.60% in 09/10	Revenues & Technical Manager
Benefit overpayments	That we will maximise the level of collection	That we will collect 78.00% of the debt raised in the year	Benefits Manager
Council Tax and Rates	Payment method	That we will increase the number that pay by direct debit by 2.5%	Revenues & Technical Manager

*Excludes:

- Recoverable Housing rent in advance and rent deposit debt;
- Recoverable Leisure Centre membership debt (which is invoiced up front for the year and against which monthly direct debit payments are allocated); and
- Recoverable Divisional debt subject to repayment following a court judgement or in accordance with an agreed payment plan.

5. Principles of enforcement

The Council will follow the good practice principles set out in the Department for Business Enterprise and Regulatory Reform's Enforcement Concordat. The principles are:

1. Standards - In consultation with business and other relevant interested parties, including technical experts where appropriate, we will draw up clear standards setting out the level of service and performance the public and business people can expect to receive. We will publish these standards and our annual performance against them. The standards will be made available to businesses and others who are regulated.

2. Openness - We will provide information and advice in plain language on the rules that we apply and will disseminate this as widely as possible. We will be

open about how we set about our work, including any charges that we set, consulting business, voluntary organisations, charities, consumers and workforce representatives. We will discuss general issues, specific compliance failures or problems with anyone experiencing difficulties.

3. Helpfulness - We believe that prevention is better than cure and that our role therefore involves actively working with business, especially small and medium sized businesses, to advise on and assist with compliance. We will provide a courteous and efficient service and our staff will identify themselves by name. We will provide a contact point and telephone number for further dealings with us and we will encourage business to seek advice/information from us. Applications for approval of establishments, licenses, registrations, etc, will be dealt with efficiently and promptly. We will ensure that, wherever practicable, our enforcement services are effectively co-ordinated to minimise unnecessary overlaps and time delays.

4. Complaints about service - We will provide well-publicised, effective and timely complaints procedures easily accessible to business, the public, employees and consumer groups. In cases where disputes cannot be resolved, any right of complaint or appeal will be explained, with details of the process and the likely time-scales involved.

Further details of the Council's complaints procedure may be found in section 11 of this policy document.

5. Proportionality - We will minimise the costs of compliance for business by ensuring that any action we require is proportionate to the risks. As far as the law allows, we will take account of the circumstances of the case and the attitude of the operator when considering action. We will take particular care to work with small businesses and voluntary and community organisations so that they can meet their legal obligations without unnecessary expense, where practicable.

6. Consistency - We will carry out our duties in a fair, equitable and consistent manner. While inspectors are expected to exercise judgement in individual cases, we will have arrangements in place to promote consistency, including effective arrangements for liaison with other authorities and enforcement bodies.

6. Responsibility for enforcement

Responsibility for the enforcement of debt collection rests with the relevant Service Manager.

7. Enforcement procedures - pre-litigation

Note that officers dealing with the recovery of debt should ensure that detailed records of actions taken are recorded within the relevant debtors system so that a clear audit trail is provided.

Sundry debt – General

Debt recovery stage	Action	Divisional actions if debt remains unpaid	Day
N/A	Invoice	<ul style="list-style-type: none"> • Exchequer raise invoice • Division check and post 	1
1	First & Final Reminder	<ul style="list-style-type: none"> • Exchequer raise red reminder • Division issue final warning letter advising that customers have 14 days to pay or the debt will be passed to legal • Update customer notepad on Sundry Debtors system • Division log details on debt collection log sheet 	+21/ +28
3	Refer to Legal	<ul style="list-style-type: none"> • Case passed to legal 	+35/ +42

Sundry debt – Other public sector

In many cases where another public sector body owes the debt, the debt will be governed by a separate agreement (such as a service level agreement), which will set out the recovery processes in the event of dispute or non-payment of debt. In such cases, the provisions of the agreement that covered the original supply will supersede the debt recovery stages set out above (Sundry debt – General) and at section 8 of this policy.

Should the supply to another public sector body not be covered by a separate agreement, the Council will make every effort to resolve any disputes via arbitration and dispute resolution, and will only refer the debt to Legal Services for enforcement if all other methods of recovery have been exhausted.

Sundry debt – Invoices issued on behalf of other bodies

The Council issues invoices on behalf of the Coastal Issues Special Interest Group (Coastal SIG) and Dorchester Business Improvement District (Dorchester BID).

The Coastal SIG comprises elected members from coastal local authorities. Its principal aim is: "...to establish improved governance, management and community well-being to ensure that the UK has the best managed coast in Europe, and to identify appropriate and sustainable funding strategies to support this aim." The Council invoices member authorities and collects debt on behalf of the group, in accordance with the group's terms.

The Dorchester BID was set up in accordance with Statutory Instrument (SI) 2004/2443, and levies an additional amount on businesses within a pre-defined area. The money raised is spent on projects within the BID plan. The Council has a statutory duty to raise the invoices and collect the levies on behalf of the Dorchester BID. Debts are managed by Dorchester BID in accordance with the SI.

Sundry debt – Technical Services

Debt recovery stage	Action	Divisional actions if debt remains unpaid	Day
N/A	Invoice	<ul style="list-style-type: none"> • Exchequer raise invoice • Division check and post 	1
1	First Reminder	<ul style="list-style-type: none"> • Exchequer raise red reminder • Division check and post • Division log details on debt collection log sheet 	+21*
2	Final Reminder	<ul style="list-style-type: none"> • Division issue final warning letter advising that debt will be passed to legal • Include copy of original invoice • Place copy in debtor file • Update debt collection log sheet • Update customer notepad on Sundry Debtors system 	+28
3	Refer to Legal	<ul style="list-style-type: none"> • Advise Legal of unpaid status and send copy of stage 2 letter • Place copy in debtor file • Update debt collection log sheet • Update customer notepad on Sundry Debtors system 	+35

*Except debt relating to Car Parks, for which a first reminder is sent at 28 days

Sundry debt – West Dorset Services

Debt recovery stage	Action	Divisional actions if debt remains unpaid	Day
N/A	Invoice	<ul style="list-style-type: none"> • Exchequer raise invoice • Division check and post 	1
1	First Reminder	<ul style="list-style-type: none"> • Exchequer raise red reminder advising if payment not received within 14 days service will be suspended • Division check and post • Division log details on debt collection log sheet 	+28
2	Final Reminder	<ul style="list-style-type: none"> • Division issue final warning letter advising that debt will be passed to legal if not paid within 7 days • Include copy of original invoice • Place copy in debtor file • Update debt collection log sheet • Update customer notepad on Sundry Debtors system • Put stop on bin collections • Ring customer to discuss debt and to chase payment 	+42
3	Refer to Legal	<ul style="list-style-type: none"> • Advise Legal of unpaid status • Log debt on Legal Case Management System and send copy outstanding invoices and correspondence • Place copy in debtor file • Update debt collection log sheet • Update customer notepad on Sundry Debtors system 	+49

Sundry debt – Leisure Centres

Note that Leisure Centre debt relates to Leisure centre membership held by clients who make payment against their membership debt via direct debit. The procedure for debt recovery runs from the date that the direct debit bounces, or is cancelled by the client.

Debt recovery stage	Action	Divisional actions if debt remains unpaid	Day
N/A	DD payment bounces or is cancelled	<ul style="list-style-type: none"> • Exchequer notify division that DD has rejected • Division starts debt recovery process 	+7
1	Call to client	<ul style="list-style-type: none"> • Division calls client to request payment • Update customer notepad on Sundry Debtors system 	+10
2	First Reminder	<ul style="list-style-type: none"> • Division issues Stage 2 letter requesting payment for 2 months, giving clients 10 days to respond and enclosing a new DD form for completion by client • Update customer notepad on Sundry Debtors system 	+13
3	Final Reminder	<ul style="list-style-type: none"> • Division issues Stage 3 letter giving clients 5 days to respond • Update customer notepad on Sundry Debtors system 	+24
3	Refer to Legal	<ul style="list-style-type: none"> • Advise Legal of unpaid status • Send copy of Stage 3 letter to Legal • Update customer notepad on Sundry Debtors system 	+29
4	Additional correspondence	<ul style="list-style-type: none"> • Customer notified that unless payment is made they will be barred from membership of the Leisure Centre for a 2 year period 	+36
5	Non payment	<ul style="list-style-type: none"> • Division to note barring of customer on membership records 	+50

Council Tax

Council Tax recovery procedures are set out in the Local Government Finance Act 1992 (as amended).

National Non-Domestic Rates (NNDR)

NNDR recovery procedures are set out in the Local Government Finance Act 1988 (as amended).

Housing Benefit (HB) Overpayments

HB overpayments recovery procedures are set out in the Social Security Administration Act 1992 (as amended).

Rent in advance and rent deposits

Debt recovery stage	Action	Divisional actions if debt remains unpaid	Day
N/A	DD payment bounces or is cancelled (26 th of month)	<ul style="list-style-type: none"> • Exchequer notify division that DD has rejected (after 26th of month or when DD appears on stopped/cancelled report from BACS) • Division starts debt recovery process 	+20
1	Call to client, contact letter	<ul style="list-style-type: none"> • Division calls client to request payment • Letter sent to client asking them to contact HEP and re-negotiate payments if appropriate 	+20
2	First Reminder	<ul style="list-style-type: none"> • Division issues first letter warning of legal action 	+34
3	Final Reminder	<ul style="list-style-type: none"> • Division issues second letter warning of legal action within 14 days 	+48
4	Refer to Legal	<ul style="list-style-type: none"> • Case passed to legal 	+62

Mortgages

The Council has some residual mortgages relating to the sale of its housing stock in 1993. Failure to repay any mortgage in accordance with the original agreement would result in the debt being referred to Legal Services for collection.

Loans to staff

The Council occasionally makes advances of salary to staff. These are repaid by deduction from the next month's salary.

The Council operates an assisted car purchase scheme for staff. As this is an assisted car purchase scheme, employees will not normally be granted a 100% loan. Interest is charged on the loan, and employees make monthly repayments of the loan principle and interest via salary deduction. If the employee leaves the authority any outstanding loan amount becomes repayable in full by the last day of service. The collection of this debt is administered via the Sundry Debtors system.

The Council has a leased car scheme for some members of staff. If an employee with a leased car leaves the authority or returns the lease car, any outstanding amount relating to the leased car (e.g. excess mileage which will not be met by the Council under the terms of the original lease agreement, or any claims for damages) becomes repayable to the authority by the employee in full. The collection of this debt is administered via the Sundry Debtors system.

The Council sometimes employs trainees who are studying for a professional qualification. If the qualification is an essential part of the career development for the post concerned, the Council will bear the training costs. Trainees are required to sign a training contract prior to the commencement of their training. If the trainee subsequently leaves the authority, any training expenditure that was incurred within the previous two years becomes repayable in full by the last day of service. The collection of this debt is administered via the Sundry Debtors system.

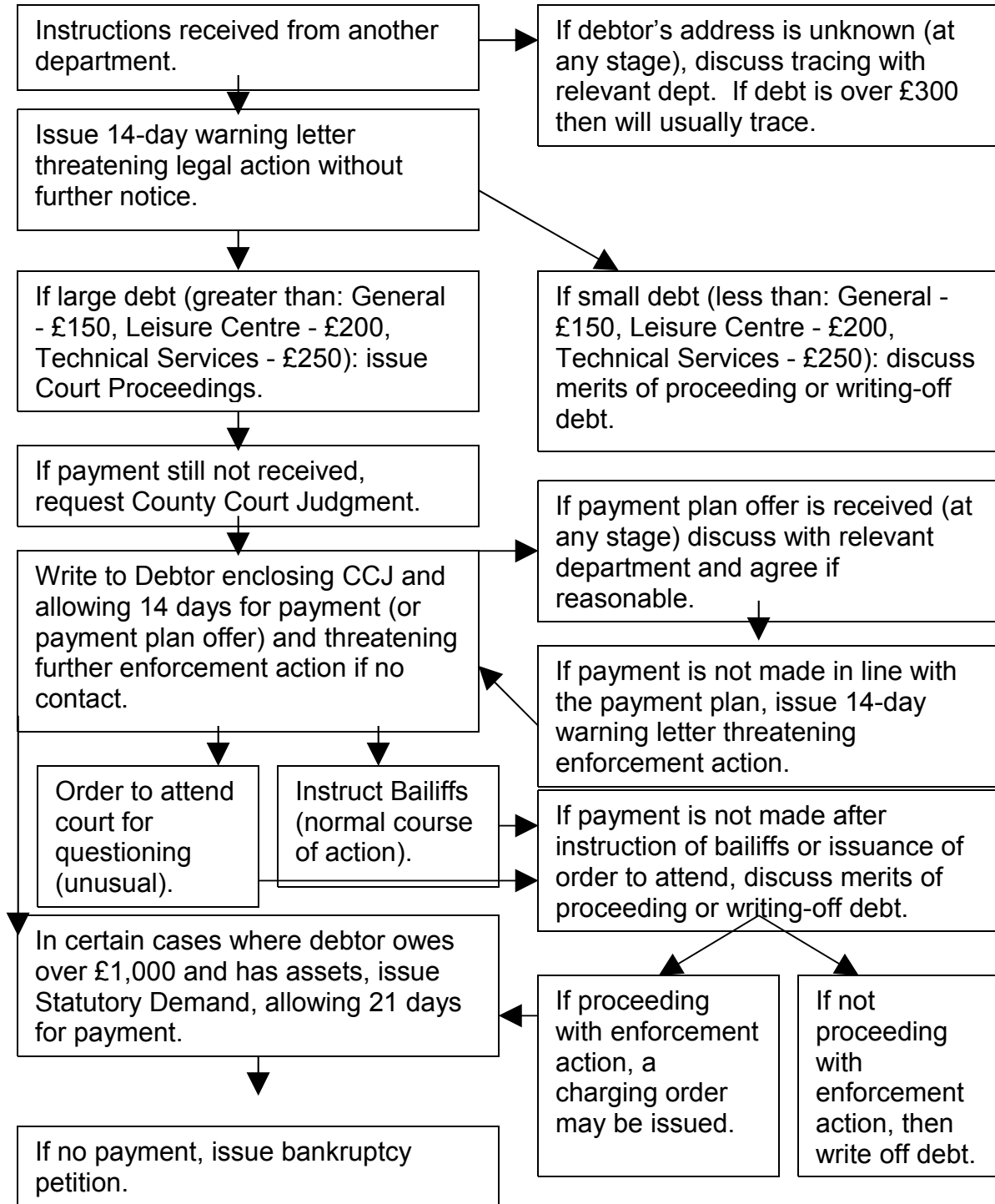
Loans to other bodies under the CLMP

From time to time the Council makes loans for community purposes to other bodies under its Community Lending Management Policy (CLMP).

Such loans are governed by loan agreements, with repayments of debt made in accordance with those agreements. Failure to repay any loan in accordance with the loan agreement would result in the debt being referred to Legal Services for collection. Please see the CLMP for further details.

8. Enforcement procedures - litigation

If the debt remains outstanding after the pre-litigation enforcement steps noted in section 7 have been followed, the debt should be referred to the Legal Services Division. Legal Services will ordinarily take the following actions:



9. Write-off procedures

Whilst the Council will make every effort to pursue debts owed by debtors, it recognises that in some circumstances debt will become irrecoverable.

Good practice dictates that, when all methods of debt recovery have been exhausted, any debts that remain irrecoverable are written off promptly in accordance with the Council's Constitution and Financial Regulations.

Under the Council's Constitution, the Director of Corporate Resources may write off bad debts up to the value of £10,000, and all bankruptcies irrespective of value.

The Technical Services Manager, subject to that officer being satisfied that all avenues to recover the money have been investigated, may write off Technical Services bad debts of up to £500.

Bad debt in excess of £10,000 must be referred to the Executive Committee for write-off.

In order to request a debt write-off, an officer must demonstrate that the enforcement steps of the Council's Debt Management Policy and Procedures have been followed, and that one or more of the following conditions have been met:

1. The debt has been remitted by a Magistrate;
2. The debt is owed by a person or company subject to bankruptcy or insolvency proceedings, with little chance of the Council subsequently receiving a dividend;
3. The debtor has died and there are no or insufficient funds remaining in the estate to settle the debt;
4. The debtor is suffering from a severe illness which makes enforcement action inappropriate;
5. It is not cost-effective to pursue the debt (either due to the small value of the debt itself; or due to the fact that enforcement might cost more than the debt to be recovered, balanced against the likelihood of recovering that debt); or
6. The debtor cannot be traced.

Note that it is only appropriate to issue a credit note against a debtor invoice when some detail on the original invoice was incorrect. If a valid invoice was raised but the debt is not collectable, then the debt must be written off in accordance with the above procedures.

10. Advice and assistance

The Council will seek to provide information about debt advice and potential statutory benefits and discounts to those debtors who cannot pay.

Officers will remind debtors of the importance of paying priority debts. Priority debts include council tax arrears. Non-payment of council tax arrears can result in the seizure of a debtor's goods, or in the debtor being sent to prison.

Debtors who are in financial difficulty may find it beneficial to obtain specialist advice from one of the following agencies:

Citizens Advice Bureaux

Citizens Advice Bureaux offer advice about simple debt problems, and will be able to refer debtors to a specialist advisor if the debt problem is complicated.

Website: http://www.adviceguide.org.uk/index/life/debt/help_with_debt.htm

Local branches:

Dorchester & District Citizens Advice Bureau 1 Acland Road DORCHESTER Dorset DT1 1JW Tel: 0845 231 0400	Bridport Citizens Advice Bureau 45 South Street BRIDPORT Dorset DT6 3NY Tel: 01308 456594
Sherborne Citizens Advice Bureau Manor House Newland SHERBORNE Dorset DT9 3JL Tel: 0844 8487939 or 01935 815305	Beaminster Youth & Community Ctre 6 Prout Bidge Beaminster School BEAMINSTER Dorset DT8 3AY Tel: 01308 863993

Money Advice Centres and Law Centres

Money Advice or Law Centres can also provide help with debt problems. Details of the nearest centres may be found in the telephone directory or on the Community Legal Advice website: www.communitylegaladvice.org.uk.

National Debtline

The National Debtline provides free debt management information to people living in England and Wales. Debtors can contact National Debtline by calling them on 0808 808 4000 or via the website: www.nationaldebtline.co.uk.

Community Legal Advice

Community Legal Advice offers advice to people in debt who are on a low income or on benefits. Debtors can contact them by calling them on 0845 345 4 345 or via the website: www.communitylegaladvice.org.uk.

Business Debtline

Business Debtline provides advice for small business in England and Wales. Debtors can contact them by calling them on 0800 197 6026, or via the website: www.bdl.org.uk.

11. Complaints

Debtors may wish to complaint to us if:

- We have done something wrong
- We have not done something we should have
- We have not treated one of our customers in a professional or civil manner

Our promise:

- We will take any complaint about our services seriously
- We will investigate any complaint thoroughly
- We will inform complainants of the outcome of the investigation

There are 3 steps in the Council's complaints procedure:

Step 1 - talk to us

The first step is to talk to the person you originally dealt with. You can use telephone, fax, e-mail or Typetalk. If you are not sure how to contact them, look under the relevant service in our A to Z section or call 01305 251010. We will reply to verbal complaints within three working days, but most are resolved the same day.

Step 2 - formal complaint to service manager

If you are still unhappy having spoken to our staff, you can put your complaint to the manager of the service. This is best done in writing: by filling out a complaints form or by e-mail, letter, fax or Tynetalk. To use a form, either click on the 'Online complaints form' on DorsetForYou to submit the complaint online or the 'Council complaints form' link to download a form, or contact us at:

West Dorset District Council
Stratton House
58/60 High West Street
Dorchester
Dorset DT1 1UZ

Tel:01305 251010
Fax: 01305 251481
Email: custservices@westdorset-dc.gov.uk

We will send you a form in the post. We will acknowledge your complaint letter within three working days and send a reply within ten working days. If more time is needed, we will write to explain.

Step 3 - Chief Executive investigates

If you are not satisfied with the response from the departmental director, then you can write to the Chief Executive, who will investigate the matter. The request to the Chief Executive must be made within 21 days from the receipt of the response from the manager. Once again we will acknowledge your complaint letter within three working days and send a reply within 15 working days. If more time is needed, we will write to explain.

Local Government Ombudsman

You may also take your complaint to the Local Government Ombudsman, who works independently of the council. However, he will expect you to try to get your complaint settled using the council's procedures first. You can contact the Local Government Ombudsmen by calling their Adviceline on 0845 602 1983 or via the website: <http://www.lgo.org.uk/>

Alternatively, a leaflet on the Ombudsman system is available from our receptions.

Councillors

You may contact your district councillor for assistance at any stage. Click on the link to the A-Z of district councillors on DorsetForYou to find your councillor. For more information or clarification on our complaints scheme please contact us using the details above.