

1. Introduction

The Council has a responsibility to act at all times with financial propriety and to ensure long term financial stability.

This policy outlines Crowborough Town Council's procedures for dealing with late payments and outstanding accounts (bad debts) in accordance with Financial Regulations.

2. Policy Objectives

The aim of this policy is to

- make clear the procedure that Crowborough Town Council will follow to identify, minimise and recover potential bad debts and write off any debts which cannot be recovered
- To provide the Accounts team with direction and support when dealing with debtors.
- To ensure that potential debtors are aware of the Council's debt management policy and of the actions it will take.

3. Credit Control

All income due will be collected in accordance with Financial Regulations and any sums found to be irrecoverable or any subsequent bad debts shall be reported to the Finance & General Purposes Committee and Full Council.

Unpaid income and bad debts shall be treated in the following manner:

Stage	Nature of Document/Action	Action by	Timing
1	Invoices will be sent with 30-day payment terms clearly shown	Accounts Team	On raising of invoice
2	First contact with customer, normally via email or telephone call reminding them to make payment	Accounts Team	After 30 days from invoice
3	Second contact with customer normally via email or letter requesting payment and reminding them that late payment interest will be charged at 5% p.a above base rate	Accounts Team	After 45 days from invoice

4	Third contact with customer stating that if payment isn't received, then interest is accruing and that all bad debts will be published on the website	RFO	After 60 days from invoice
5	Final contact, assuming no payment informing customer that matter would now be dealt with through legal system	RFO	After 90 days from invoice
6	A firm of Solicitors (a local company to be used wherever possible) or Debt Recovery Agent will be instructed to pursue the debt	Local Solicitor	

4. Write off bad debts

Crowborough Town Council will seek to minimise the cost of write offs by taking all necessary action to recover what is due. Debts will be subject to the full recovery, collection and all reasonable legal procedures.

The Town Council recognises that where a debt is irrecoverable, prompt and regular write off of such debts is good practice. Whilst writing off bad debts is a non-routine function; all practical means should be taken to recover outstanding amounts due to the Town Council before the RFO recommends writing off a bad debt to the Finance & General Purposes Committee. Before this decision is made, due diligence consideration should include the following: -

- The cost of recovery against the amount owed.
- The likelihood of success.
- Where the correct credit control procedures followed.
- Could procedure and practices be improved.

Any debts to be written off should be reported in the form of a write off schedule to the Finance & General Purposes Committee, who have delegated powers to write off bad debts of up to £3,000; any larger debts must be reported to Full Council. The write off schedule should contain the following information:

- Customer Reference.
- Invoice number.
- Date of invoice.
- Amount of debt.
- Reason for write off.
- Recovery history.
- Date of write off.
- Authorisation of write off.

5. Year-end write offs

The RFO should ensure any bad debts and doubtful debts are correctly accounted for at year end.