

Debt Recovery & Bad Debt Policy

**East Ayrshire Leisure Trust**

**Debt Recovery & Bad Debt Policy**

1. **Aims**

* Where possible, income due will be collected before or at the time the relevant sale or service is provided.
* Where this is not possible an invoice will be raised for immediate payment.

1. **Values, principles and standards**

This policy is therefore underpinned by the following values, principles and standards:

* All debts will be recorded and non-payment will be followed up by issuing reminders as outlined below.
* Where a service is being provided this will cease at the point when East Ayrshire Council Legal Services look to recover the debt and the debtor will be informed of this in writing, and the service will not be reinstated until the debt is cleared or a repayment plan has been agreed. Payment for future services must be made in advance.

1. **Collecting Debts**

The following timings are intended for guidance purposes only:

1. 16 days from due date of invoice – reminder notice issued
2. 23 days from due date of invoice – final notice issued
3. 30 days from due date of invoice – court proceedings letter issued
4. 37 days from due date of invoice – passed to East Ayrshire Council Legal Services for further action
5. **Writing-Off Debts**

* If after every effort has been made to collect the debt and legal action is considered impractical or has been unsuccessful, individual bad (irrecoverable) debts may be written-off.
* Debts up to the value of £1500 are referred to the Senior Manager for the service area.
* Those exceeding £1500 to be referred to the Chief Executive.

The types of debt considered to be written off will include:

* + Customer deceased
  + Customer moved with no forwarding address
  + Debt has poor recovery prospects
  + Debt is uneconomical to pursue – less than £200
  + Customer has been sequestrated
  + Debt has passed the prescribed period and can no longer legally be pursued – 5 years from date the debt became due
* If the former customers circumstances change, and it is legal to do so, the debt will be re-instated.

1. **Communication of this Policy**

We will take active steps to communicate the principles of this Policy to all relevant parties.

1. **Responsibilities and Accountabilities**

**The Trustees are responsible for:**

* The approval of the Policy.
* To ensure appropriate resources are available to allow this policy to be implemented and upheld.

**The Chief Executive is responsible for:**

* Approving the writing-off of such bad debts.
* Reporting such approvals annually to the Board.

1. **Monitoring and review**

* Head of Corporate Services will be responsible for monitoring the effectiveness of the policy.
* Head of Corporate Services will be responsible for reviewing this policy on an annual basis and informing the Board of any proposed changes to the policy.
* Changes will be made in line with appropriate legislation.

**Record of Change**

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| **Date Reviewed** | **Date of next review** |
| June 2019 | June 2020 |