



STOTFOLD TOWN COUNCIL

CREDIT CONTROL & BAD DEBT POLICY

1. Introduction

- 1.1 This Policy sets out Stotfold Town Council's procedures for managing late payments and bad debts, in line with Financial Regulations (item 13.3).

2. Policy Objectives

- 2.1 The aim of this Policy is to establish clear procedures for identifying, minimising, and recovering potential bad debts, as well as writing off debts that cannot be recovered.

3. Credit Control

- 3.1 All income due will be collected following Financial Regulations. Any irrecoverable sums or bad debts shall be reported to Full Council.

3.2 Unpaid Income and Bad Debt Procedure

- **After 30 days:** The Finance Officer will contact the customer via telephone or email to remind them of the unpaid invoice.
- **After 45 days:** A formal reminder letter will be sent by the Finance Officer.
- **After 60 days:** The Town Clerk will issue a final reminder letter. If payment is not received within 14 days:
 - The customer's activity (e.g., hall hire) will be suspended.
 - The outstanding debt may be referred to a debt collection agency or small claims court.

At the Town Clerk's discretion, a repayment plan may be agreed upon, allowing the customer to continue their activities, provided that future payments are made in advance. No credit facility will be granted until the Town Clerk is satisfied that future invoices will be paid on time.

4. Write off bad debts

4.1 Recovery and Due Diligence

Stotfold Town Council will take all reasonable actions to recover outstanding debts before considering a write-off. The Responsible Financial Officer (RFO) must assess the following factors before recommending a debt write-off:

- The cost of recovery compared to the amount owed.
- The likelihood of successful recovery.
- Whether the correct credit control procedures were followed.
- Potential improvements to procedures and practices.



Stotfold 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.

4.2 Reporting and Approval

Any debts proposed for write-off must be reported to Full Council in a write-off schedule containing:

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

5. Year-end write offs

The Responsible Financial Officer must ensure that all bad debts and doubtful debts are properly accounted for at the end of each financial year. An aged debt report should be reviewed annually to identify outstanding debts and assess their recoverability.

Document History

Date Adopted	February 20219	
Date Reviewed	March 2025	Policy reviewed against best practice and redrafted in a more concise manner.
Date for Review	March 2027	