



Tenterden Town Council

Bad Debt Policy

Reviewed	Adopted
Reviewed by Policy and Procedure sub-committee	05/03/2025
Adopted by Finance & General Purposes Committee	March 2025
Policy Number	P39
Next review	March 2027

1. Introduction

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

2. 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 where necessary, Full Council.

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

- a) Invoices which remain unpaid after 30 days will receive a telephone call or email reminding the customer that the invoice remains unpaid.
- b) Invoices which remain unpaid after 45 days will receive a letter reminding the customer that the invoice remains unpaid.
- c) Invoices which remain unpaid after 60 days will receive a letter reminding the customer that the invoice remains unpaid and that all of the town councils' financial information, including bad debts, is reported to the Finance & General Purposes Committee.
- d) Invoices which remain unpaid after 90 days will receive a letter reminding the customer that the invoice remains unpaid, and notifying of the withdrawal of the service provided and that Tenterden Town Council will actively pursue all outstanding debts through the legal system.
- e) All letters will be accompanied by a statement of account from the town council's financial system.

3. Writing off bad debts

Tenterden Town Council will seek to minimise the cost of write-offs by taking all appropriate 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 to the Finance & General Purposes Committee, writing off a bad debt. Before this decision is made, due diligence consideration should include the following.

- a) The cost of recovery against the amount owed.
- b) The likelihood of success.
- c) Whether correct credit control procedures were followed.
- d) Whether procedure and practices could be improved.

Any debts to be written off should be reported via 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.

- a) Customer Reference.
- b) Invoice number.
- c) Date of invoice.
- d) Amount of debt.
- e) Reason for write off.
- f) Recovery history.
- g) Date of write off.

4. Write-offs at year-end

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