



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Executive

18 June 2025

Wards affected:

All wards

Corporate Sundry Debtor Recovery Policy update

Report of the Head of Finance (Section 151 Officer)

1. Purpose of report

- 1.1 To update the Corporate Sundry Debtor Recovery Policy and revise the processes used for recovery.

2. Recommendation

- 2.1 That members approve the updated Sundry Debtor Recovery Policy.

3. Background to the report

- 3.1 The Corporate Sundry Debtor Recovery Policy needs to be updated to reflect up to date recovery requirements. Sundry debts cover all debtors other than Business Rates, Council Tax and HRA related debts. Sundry Debtors therefore includes a wide range of debts including, but not limited to commercial premises rents, waste services, planning and building control fees.

The council will always encourage debtors with financial difficulties to reach out for support and to come to an agreement with the Council. Members will be aware that especially during covid, recovery procedures were somewhat relaxed with legal action for recovery being avoided wherever possible. This policy will see a move back to more enforcement where necessary and appropriate. It is important to note that the majority of debtors this policy applies to are commercial organisations and not individual residents.

- 3.2 The primary aim of the Policy is to issue debt invoices punctually and correctly, and to ensure the council collects all sundry debt owing to it promptly, effectively, efficiently, and impartially, ensuring fair treatment of all customers.
- 3.3 In order to achieve this aim the Council will:
- Raise debt promptly and provide full information to debtors on the reasons for the debt and requirements to pay.
 - Recover all money outstanding in respect of debts owed to the Council.
 - Ensure that appropriate enforcement action is taken to recover debts.
 - Facilitate a coordinated approach to managing multiple debts owed to the Council, where possible.
 - Ensure that the Council engages with debtors when enforcing debts to take appropriate action considering the individual circumstances of the debtor.
 - Identify, where appropriate, the support which may be required for those owing money to the Council.
 - Giving specific considerations to vulnerable customers where appropriate.
 - Apply best practice to debt collection.
 - Minimise the risk of bad debts.
 - Ensure we make early contact to provide support and advice to avoid debt increasing.
 - Encourage our customers to contact us and/or recognised advice agencies as soon as there is a problem and to encourage the use of external agencies to assist individuals.
- 3.4 The key changes in the recovery process are in the table below, which give a time frame tided to legal action being taken when required.

Previous	Proposed	Comment
Except in the case of a demand payable by instalments or as otherwise contractually agreed, the generic recovery action (carried out by finance) for all demands is as follows:	Except in the case of a demand payable by instalments, or, as otherwise contractually agreed, the generic recovery action (carried out by finance) for all demands is as follows:	No change
An invoice will be issued with a payment due date the same date invoice issued.	An invoice will be issued with a payment due date. Typically, this is within 30 days of issue.	To bring into line with public sector expectations on prompt payment.
If no payment is received within 14 days, a first stage reminder letter will be issued giving a further 7 days' notice.	If no payment is received within 14 days of the due date of the invoice, a Stage 1 Letter will be issued giving a further 7 days' notice.	No change.

Previous	Proposed	Comment
If not, payment is received within 7 days a second reminder letter will be issued giving a further 7 days to pay	If no payment is received within 7 days of the Stage 1 Letter, a Stage 2 Letter will be issued giving a further 7 days to pay. Note, if the amount is £10,000 or less offer the debtor court mediation before taking the claim formally to court.	Introduced offer of court mediation.
If no payment is received within 7 days, a final written letter will be issued	If no payment is received within 7 days of the Stage 2 Letter, a Final Demand Letter will be issued.	No change.
If no payment is received within 7 days, the debt will be passed to legal services to consider further action	If no payment is received within 7 days of the Final Demand Letter, the debt will be referred to court by Finance for debts of less than £25,000 and passed to Legal Services to consider further action for sums totalling more than £25,000.	Finance can take Debtor to court without referral to legal services for smaller claims of less than £25k, no action is currently being taken.
Where legally permissible, the provision of future services to the debtor will be suspended until outstanding debts are settled	Where legally permissible, the provision of future services to the debtor will be suspended until outstanding debts are settled.	No change, but no actions currently being taken.
We will encourage people with payment problems to come forward early to discuss their individual circumstances.	We will encourage people with payment problems to come forward early to discuss their individual circumstances.	No change

3.5 In carrying out recovery action the Council will follow the principles outlined below.

- **Proportionality** – Proportionality allows for a balance to be struck between the potential loss of income to the Council and the costs of compliance.
- **Consistency** – Consistency means taking a similar approach in similar circumstances to achieve similar ends.
- **Transparency** – Transparency is important in maintaining public confidence. It means clearly explaining the reasons for taking any recovery/enforcement action. The Council will ensure that all recovery documentation is clear and informative so that debtors are fully aware of the procedures and consequences and options available.
- **Vulnerable debtors** – Any action to recover debts will take account of the debtor's personal circumstances. We may not pursue recovery of debts where exceptional circumstances exist, and recovery of the debt would cause unreasonable hardship to the debtor. In determining genuine financial hardship,

the Council will require an applicant to confirm the causes of the hardship or factors that have contributed to a downturn in business, these have to be beyond the control of the debtor, and they will have to provide documented evidence of such hardship or downturn including but not limited to the impact on the sales of Goods and Services and bank statements confirming the impact on cash available to settle the amount due

- 3.6 Also, for the first time HBBC will offer court mediation to come to a binding agreement where court action is the next step for full recovery. This can also help reduce the costs of recovery.
- 3.7 Mediation is still organised by the court. The court will offer mediation if the claim is for £10,000 or less and the defendant disputes it. This service is free. If both sides agree to mediation, a mediator from HM Courts and Tribunal Service (HMCTS) will be appointed.

Links to other Policies and Strategies

- 3.8 A number of Council policies and strategies contribute to and complement the Corporate Sundry Debt Recovery Policy and should be read in conjunction. These include:

- Council Tax, Non-Domestic Rates (Business Rates) and Benefits Overpayments Recovery Policy
- HRA Rent arrears Policy.
- Financial Procedure Rules
- Corporate Anti-Fraud Policy
- Anti-Fraud Framework
- Whistle Blowing Policy
- Equality Policy

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report is to be taken in open session.

5. Financial implications [AW]

- 5.1 None directly from this report

6. Legal implications [ST]

- 6.1 None

7. Corporate Plan implications

- 7.1 A robust recovery policy is required to ensure that resources are effectively collected to ensure delivery of all the aims, outcomes and targets included in the Council's Corporate Plan.

8. Consultation

- 8.1 All members of the Strategic Leadership Team have been consulted in preparing this Policy.

9. Risk implications

- 9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

10. Knowing your community – equality and rural implications

- 10.1 The prompt recovery of income forms part of the Council's budget process budget process, which in turn fund and has will impact on all areas of the Borough and all groups within the population.

11. Climate implications

- 11.1 The stewardship of the financial resources of the council underpins all policy actions to address the council's objectives in ensuring it manages its resources to ensure climate considerations are achieved in accordance with the corporate plan.

12. Corporate implications

- 12.1 By submitting this report, the report author has taken the following into account:
- Community safety implications
 - Environmental implications
 - ICT implications
 - Asset management implications
 - Procurement implications
 - Human resources implications
 - Planning implications
 - Data protection implications
 - Voluntary sector

Background papers: None
Contact officer: Ashley Wilson
Executive member: Cllr K Lynch