



Derby City Council

Derby Markets

Debt Management Policy

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1.0 Version Control

Version	Date	Change	Author
V1	06/02/2019	Submitted to Markets team and CW	Cassandra Carruthers

2.0 Policy purpose

The Markets Debt Management Policy is designed to ensure the Markets Service can deal appropriately with tenants who fall into debt while trading from one of the Council's markets.

This policy is in line with the Council's Sundry Debt and Miscellaneous Income Policy and sets out the Markets Service's powers to recover and minimise debts. The Council has a duty of care to ensure that tenants do not accrue large amounts of untenable debt which can have an impact on the debtor and the Council as a landlord.

It is the Council's policy to recover all collectable debt owed to it. With this overall objective in mind the Markets Debt Management policy aims to:

- Maximise the Council's income
- Minimise the costs associated with collecting income
- Reduce the time taken to collect income
- Reduce the incidence of debt that cannot be collected.

3.0 Key requirements of this policy

- To promote the use of Direct Debits to new and existing tenants to avoid issues with non-payment
- To ensure the Markets Service is regularly monitoring and recording debt concerns in a timely manner
- To ensure that invoicing and debt recovery processes are robust, timely and accurate
- To be able to evidence all of the processes used to monitor and collect debts from tenants based upon the principles of consistency, transparency and proportionality.

4.0 Policy procedure

Debt management is a key priority for Derby City Council and the Council is proactive in the recovery of bad debt.

The Council's accountancy policies mean that the Markets Service budgets are credited as soon as an invoice is raised regardless of whether the invoice is paid in full or partially.

Budget pressures for the Markets Service will arise if the amount of tenant debt is higher than the Markets Service budget for bad debt provision.

The Markets Administration and Finance Manager reviews tenants' accounts on a monthly basis and following this review, the Markets Manager and the Markets Admin and Finance Manager hold a monthly meeting to examine the current debt concerns and to confirm actions for collection of debts.

Following tenant account review meetings, the Markets Manager will authorise the debt recovery schedule for those tenants whose arrears require immediate action.

Markets Service - conditions for stall occupation:

- A full credit check will be undertaken for all new trader applications
- All new stall applicants will be required to present a business plan and finance plan to demonstrate the financial viability of their business
- Wherever possible, the Markets Service will check the Council's corporate financial system to identify potential bad debtors.

The Markets Service is committed to ensuring the following conditions apply before providing goods/services:

- If a refund is due to a tenant e.g. for closure of the market due to unforeseen circumstances, the refund will be paid against outstanding market account debts in the first instance.

4.1 Debt recovery schedule

The following actions are carried out simultaneously by the Markets Service and Derby City Council:

	Markets Service	Derby City Council
1st Reminder	Letter sent to tenant to highlight the outstanding invoice and request payment (see example Letter 1)	Send out reminder letter if payment not received at the end of 30 days after invoice was generated.
2nd Reminder	Letter sent and visit to tenant to request payment and immediate contact with the Markets team to discuss the account (see example Letter 2). The intention is for a formal repayment agreement to be agreed and signed by tenant for payment of arrears.	Send out reminder letter if payment not received at end of 60 days after invoice was generated.
3rd Reminder	Letter and notice of walk in process for non-payment of charges/and no contact from tenant (see example Letter 3). This is issued from the Markets Manager. Tenant has opportunity to make 50% payment of debt with repayment plan for remainder of debt or a notice of walk in is scheduled.	Send out reminder letter if payment not received at the end of 90 days after invoice was generated.
Next stage	Walk in process is initiated by authority of Markets Manager (see Walk in procedure and accompanying required documents).	91st day of non-payment DCC accounts receivable send email to the Markets Service advising of outcome.
DEA action	If a tenant has consistently failed to meet any of the requirements of the Markets Debt Recovery Schedule listed above, the Markets Manager will authorise the debt to be referred to the relevant Council team for immediate DEA action.	

4.2 The Council's approach to debt recovery

The Council's approach runs in parallel with the Markets Debt Management policy and is as follows:

- All unpaid invoices above £10 should receive system generated monthly reminders up to a maximum of three
- If, following the issue of an invoice and at least three monthly reminders payment is not made, the Council will reserve the right to refer any debt of £50 or more to external collection agencies for action. Debts below this value will be considered for other recovery action.
- Prior to commencing litigation action, the Council will write a pre-action letter to the debtor, giving a final opportunity to pay. At this stage, consideration will be given to any payment arrangement proposed by the debtor.
- If the pre-action correspondence does not result in repayment, the Council will consider applying for a County Court Judgment (CCJ). Once a CCJ has been obtained, the debtor will generally have 14 days to pay in full, unless the court orders payments by instalments.
- In the event that the debtor fails to pay in accordance with the court order, the Council may rely on any method of enforcement that is available through the court (including: attachment of earnings orders, warrants of control, third party debts orders, charging orders and insolvency proceedings).
- All enforcement companies authorised to act on behalf of the Council will be certificated. At all times the Council's Enforcement Agents will work to CIVEA's Code of Conduct and the Council's Vulnerability Criteria.
- The Council's Service Level Agreement with suppliers meets the Council's Diversity and Equality principles.

Write-offs

Although every effort will be taken to collect every debt owed to the Markets Service, it is inevitable that some debts will be uncollectable. The reasons for this include but are not limited to:

- The debtor absconds
- The debtor dies and has no estate
- The debtor is declared bankrupt or is subject to other insolvency proceedings.

The actions taken before recommending a debt for write-off will depend upon the individual circumstances. All write-offs have to be approved by the Markets Manager in accordance with the financial levels set out in the Council's Financial Procedure Rules.

5.0 Complaints and Disputes

The Markets Service will endeavour to resolve any disputes in relation to debt management at the earliest possible opportunity. The Markets Service will ensure that tenants are fully aware of the ways in which they can make contact in order to discuss any dispute they may have.

Where part of a debt is disputed, the Markets Service will endeavour to collect the undisputed amount at the earliest possible stage whilst also dealing with the disputed debt.

If a customer wishes to make a complaint regarding the way in which the Markets Service has sought to recover a debt, they will be fully advised of the Council's Corporate Complaints procedure and will be given every assistance in registering a complaint.

6.0 Further information

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Markets Office
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