



Debt Management Policy

Board approved and accepted 22 February 2018

Version 3

Debt Management Policy

1. Aim of Income Collection

- Wherever possible, income due will be collected before or at the time the relevant sale or service is provided;
- Wherever possible clubs and regular users will be placed onto a direct debit payment method; and
- Where this is not possible, an invoice will be raised for immediate payment.

2. Values, Principles and Standards of the Policy

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 if arrangements are not made by the debtor to repay any outstanding debt and keep payments up to date, the debtor will be informed of this in writing;
- If agreed debt repayment arrangements are not adhered to the service will not be reinstated until the debt is cleared; and
- If a service is reinstated following repayment of an outstanding debt WDL may consider an arrangement where payment of future services is made in advance.

3. Collection of Debts

The following timings are applied where accounts are not settled within the target timeframe:

- 21 days from due date of invoice – first & final reminder indicating failure to settle account within a further 14 days will result in legal proceedings being initiated; and
- 35 days from due date of invoice – income management for collection

4. 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; and
- Debts up to the value of £1,000 are referred to the Leisure Trust Manager.
- Those **exceeding £1,000** to be referred to the Leisure Trust Audit & Risk Committee.
- The types of debt considered to be written off will include:
 - Customer deceased
 - Customer moved with no forwarding address
 - Debt is unreasonable to pursue due to customer being permanently hospitalised
 - Customer has been sequestered
 - Debt has passed the prescribed period and can no longer legally be pursued.
- If the former customers circumstances change, and it is legal to do so, the debt will be re-instated.

4. Communication of this Policy

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

5. Responsibilities and Accountabilities

a. The Trustees are responsible for:

- Approving the writing-off such bad debts **exceeding £1,000** (through the Audit & Risk Committee).

b. The Leisure Trust Manager is responsible for:

- Approving the writing-off of such bad debts **up to the value of £1,000**; and

6. Treatment of likely Bad Debts within Annual Accounts

Provision will be made on the balance sheet of the annual accounts for bad debt that is likely not to be collected. The level of financial provision made will be dependent on the type and level of debt accrued at the given financial year end.

Any debt from West Dunbartonshire Council (WDC) will not be included within the calculation for the balance sheet as any WDC debt (as a common sense approach) is considered to be 100% collectable.

Debt over 3 months and under 12 months will have 5% applied to the calculation for the balance sheet. Any Debts of over 12 months will be considered annually and a decision made as to the likelihood of collection of each debt and a percentage applied for inclusion on the balance sheet.

7. Monitoring and Review

- The Audit and Risk Committee will be responsible for monitoring the effectiveness of this policy on an annual basis;
- The Audit and Risk Committee will be responsible for reviewing this policy as considered necessary and reporting any changes to the Board; and
- Changes will be made in line with legislation as required in consultation with the Audit and Risk Committee.