

Debt Recovery Policy

Statement and Purpose

1. One of our values as an organisation is that we care for each other and the people that we work with. This is why we want to maintain a safe and secure work environment for all of us as staff and those affected by our work.
2. The objective of the Debt Recovery Policy is:

To ensure that money owed to Natural Resources Wales (NRW) is collected on a timely basis using efficient, effective, and fair debt recovery procedures and processes.

3. The aims of the policy are to:
 - ❖ Ensure prompt billing and the recovery of debt. Undertake two reminder runs per invoice.
 - ❖ Encourage early contact from the customer to avoid an accumulation of debt.
 - ❖ Take positive action to prevent outstanding balances occurring, to maximise debtor income by providing a range of payment methods.
 - ❖ Take enforcement action via NRW External Legal Services, on a timely basis against Non-paying customers or those who delay payment.

This policy encompasses all customers including regulatory, commercial, Internal Drainage Districts and any ad-hoc income NRW raise.

Internal Controls

4. We have internal controls documented either via procedure or process note that cover the following activities:
 - ❖ Reconciliation of accounts and interfaces.
 - ❖ Raising Invoices and Credit notes.
 - ❖ Income Debt Recovery.
 - ❖ Customer Debt Management.
 - ❖ Direct Debits.
 - ❖ Timber Credit Applications and assessments.

- ❖ Cashier – Banking.
- ❖ Refunds.
- ❖ Enforcement action – External Solicitors.
- ❖ Write-off procedures.

Compliance

5. NRW has a legal duty to recover all sums due efficiently and effectively. This policy ensures that collection methods are fair to all debtors.

It is the licence/permit holder's legal responsibility to ensure that all outstanding monies (debt) are paid in line with the terms and conditions of their permits.

Other debtors - raised for a range of goods and services are responsible for prompt payment of invoices.

All outstanding invoices follow the reminder process.

We issue two reminders for each invoice. A final reminder letter 28 days after the initial invoice, and a legal reminder letter 14 days later after the final reminder letter.

It is the timber customers legal responsibility to ensure that all outstanding monies (debt) are paid in line with the terms and conditions of their sales contracts.

The process for timber customer debt collection differs as statement of accounts are sent out monthly and customers monitored against credit limits daily.

6. Where payment difficulties arise, the need for debtors to get in touch is central to the policy. Where a person or organisation makes contact their circumstances will be considered with a view to agreeing a reasonable payment arrangement, minimising recovery action, and helping to alleviate hardship. Where contact is not made or repayment arrangements not followed, NRW will endeavour to make contact before continuing recovery action.

Whatever payment method is used, the funds must reach NRW by the due date to ensure recovery action is not triggered.

Instalments or repayment arrangements must be adhered to unless prior consent is given for a variation. Where these arrangements are not adhered to the full amount will become due.

7. NRW will endeavour to help Customers develop a culture of paying on time by providing several ways in which payments can be made by offering a choice for methods as follows.

- ❖ Payment at the Bank.
- ❖ Payment via post.

- ❖ BACS payments in to an NRW bank account.
- ❖ Credit or Debit card via telephone.
- ❖ Direct Debits.
- ❖ Online Payments (application/renewals only)

8. If a payment is not received all debts are handed over to NRW external Legal Services who will make attempts to contact the debtor and secure payment or agree an arrangement.

Debts will only be passed to our external Legal Services should the debt exceed £125.00. The cost effectiveness of the use of court action to recover amounts owed will be a consideration in determining the appropriate next steps to take.

Legal Services will issue a Pre Action-Protocol letter to the debtor informing them of the outstanding debt and what further action that will be taken by NRW should they fail to pay the outstanding sum.

If payment is not received by the external Legal Services within the notified timescale, NRW will be notified to consider the next action, which could result in the action taken to court formally finding a debtor liable to pay a sum of money, and could incur further legal costs.

9. An overpayment is an amount which has been paid but for which there was no invoice or service rendered. Overpayments can occur for a variety of reasons, a decision relating to an overpayment must be notified in writing using a Refund Request Form to Transactional Finance, Accounts Receivables. This must include the reason why it is refundable, relative documents relating to the original payment and the payment method for the refund.

Transactional Finance will endeavour to process refunds within 30 working days providing that all the relevant paperwork is supplied.

10. When all attempts to collect outstanding debt have been exhausted NRW will take action to write these amounts off.

Accounts will only be recommended for write off when there is evidence that all appropriate actions (as contained within this policy) have been taken, including an assessment of whether the debt is cost effective to recover, potentially rendering it uneconomical for NRW to collect.

Debts will be written off when they are statute barred. Under statute of Limitations Act, if time passes without receiving any payment or communication from a debtor, an action for recovery may become barred under the Limitation Act 1980. These debts are completely extinguished and cannot be enforced. NRW will follow the Managing our Money process for approval to write off debts.

Ongoing outstanding Regulatory debts will have licences/permits reviewed with a view to revoke for non-payment as per OGN-281

11. We Incorporate segregation of duties within our debt raising and recovery processes, which include:
- ❖ CSV files from Customer Relationship Management (CRM) system which create request to raise invoices and credit notes – approved by Permitting Team/Area Officers and reconciled and signed by the Supervisor and Team Leaders, Transactional Finance Service (TFS).
 - ❖ Manual Invoices and Credit notes – produced by Team Members from invoice requests from staff. Reconciled and approved by the Supervisor and checked by the Team Leaders, TFS.
 - ❖ Direct Debit File – produced by Supervisor and checked by the Team Leaders, TFS.
 - ❖ Reminder Letters – produced by Supervisor, given to team members to check and send out.
 - ❖ Write Offs – produced by Team Members, checked by Team Leader, TFS, reviewed by Head of Finance and approved by the appropriate signatory – as per Managing our Money.
 - ❖ Refunds – produced by a staff member, approved by Team Leader/Manager. Relevant documentation is collated by the cashier, checked by Supervisor, authorised by Team Leaders TFS, and passed to TFS, Payments for processing.
 - ❖ Timber Credit application – prepared by TFS, Advisor 1 team member passed to Team Leader, TFS and Sales and Marketing Manager for review and then approved in line with Managing our Money.
 - ❖ Banking - Team Member data entry / outstanding list produced once a week for checking by all Accounts Receivables TFS Team members, Supervisor and Team Leader.
 - ❖ Payment Plans – produced by Team Member, approved by Supervisor.

Scope

12. This policy affects the Transactional Finance, Business Finance, Permitting Team, Area Officers, Timber Sales and Marketing Team, and anyone who raises an invoice or credit note.

All external customers who are invoiced by NRW.

NRW needs are addressed as we need to collect debt in order that we can regulate our Charging regimes and undertake our Commercial Services.

Key principles

13. Various legislation concerning our regulatory funding regimes, Managing our Money, Managing Welsh Public Money, Treasury rules, HMRC taxation law and rules. Principle of the Debtor Pays.

Roles and Responsibilities

14. The scope covers who this policy impacts and the Compliance section outlines the roles in more detail.

The transactional finance team is responsible for the policy. The policy will be checked every 2 years.

Other relevant information

15. Relevant to this policy is:

- ❖ [Managing our Money.](#)
- ❖ [Timber credit limit management procedure.](#)

Other sources of information

16. Relevant to this policy is:

- ❖ [Managing Welsh Public Money.](#)

Equality and Diversity

17. We are committed to a culture of equality, diversity, and inclusion. We aim to ensure that no-one receives less favourable treatment on the grounds of their age, disability, gender reassignment, being married or in a civil partnership, pregnancy, race, sex, sexual orientation, or religion, belief, or non-belief.

An Equality Impact Assessment has not been produced for this Policy.

Contact

18. This policy and related procedure is owned by – Transactional Finance Services and MyNRW Team Leader.

Developed and agreed in partnership with – Leadership Team Head of Finance.

Approval

Produced by Sharon Flynn, Transactional Finance and MyNRW Services Team Leader

Version 2 - 24/05/2023

Approved by Rob Bell, Head of Finance

Version

First published 01/10/21.

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Version 3 22/7/2025

For first review in 12 months' time and then every two years. Amendments will be made sooner where a relevant change in legislation or business requirement occurs and following discussions with the representing Trade Unions.