



LISKEARD COUNCIL  
WORKING FOR YOU

## LISKEARD TOWN COUNCIL

### CREDIT MANAGEMENT POLICY & PROCEDURES

#### **Purpose**

This policy sets out the terms of payment with Liskeard Town Council's customers, together with the monitoring and maintenance of these terms. It applies to all services and sales of goods for which a credit invoice is raised.

This policy **(is part of and)** should be read in conjunction with the Council's Financial Regulations.

#### **Charging for Goods and Services**

Goods/services can only be provided on receipt of an official request or booking form from the customer. Before supplying any supplementary goods/services, confirmation will be sought from the customer, including acceptance of the additional costs involved. If a charge is subject to Value Added Tax (VAT) then this will be made clear to the customer.

All sales of goods/services must be identified, and charges raised accordingly. There must be a valid documented reason for any uninvoiced work/service, or application of a non-standard discount, which must be approved by the Town Clerk, RFO & Deputy Town Clerk, Facilities Manager or Council.

The Council will review all fees and charges at least annually. Staff shall be notified of any changes and customers made aware in writing where appropriate. Certain charges will also be listed on the Council's website.

In the case of the rental of shop and office units, references and/or credit reference agency checks will be required before entering into a lease or rental agreement, as requested by Council.

#### **Raising Invoices**

All invoices will usually be raised by the Facilities Administration Assistant, using a standard template from the Council's accounting software package. Invoices must contain all necessary information for the customer to pay promptly and to meet the requirements of HMRC where VAT is charged.

Preferably payment in full or at least a deposit should be secured in advance of the supply of the goods or services. An invoice must be raised on all occasions, even if payment is secured in advance.

Payment will be required in advance for all new customers or for one-off supplies of goods/services.

All invoices must be raised within 10 days of the supply of the goods/services, unless otherwise agreed.

Goods and services subject to VAT must be shown and coded separately on the invoice with all the other information required for a correct VAT invoice.

Discounted rates for the booking of facilities at the Public Hall complex will only be available to charities who can provide a valid charity number, or residents of Liskeard arranging not for profit events such as birthday parties.

### **Terms and Conditions**

The maximum payment terms allowed for any customer will be 30 days with no exceptions. Payment terms may be regularly reviewed and amended based on the customer's credit history with the Council after approval by the Town Clerk, RFO & Deputy Town Clerk, Facilities Manager or Council.

Bookings of the main Public Hall will require a fifty percent (50%) deposit (minimum £50) or payment in full if the total invoice is less than £100, unless alternative terms are agreed at the time the booking is made. The decision of the Town Clerk, RFO & Deputy Town Clerk, Facilities Manager or Council will be final.

The maximum credit allowable to any customer at any one time will be £500, unless approved by Council / Finance, Economic Development and General Purposes committee.

Liskeard Town Council continues to own any goods supplied, until payment has been received in full for all goods supplied and may take steps to recover them once payment is overdue.

Payments are preferred by bacs/online payment, but cash or cheque (payable to Liskeard Town Council) will also be accepted at the Town Council office at 3 – 5 West Street, Liskeard PL14 6BW. Card payments can only be accepted for goods and services supplied by the Tourist Information Centre.

Where an invoice number is not stated with payment, monies will be used to discharge the oldest invoice first.

The Council reserves the right to apply statutory interest to late payments and may also apply late payment charges of five percent (5%) if payment is not made within 30 days of the invoice, unless otherwise stated? (New lease agreements allow for the charge of interest at 4% over the base rate). (Does this need to be stated on the invoice?)

In the event that a customer is unable to make payment of an invoice by the due date they should be advised to speak to the Town Clerk, RFO & Deputy Town Clerk or Facilities Manager to discuss agreement of an alternative payment schedule. Any agreement reached should result in full repayment within twelve months and is subject to approval by Council.

### **Credit Notes**

If an invoice is raised in error, it must be cancelled with a corresponding credit note. Adequate documentation or information should be provided to support the credit note and for a robust audit trail.

Credit notes should only be raised to cancel an invoice in full or to reduce the value. Do not raise a credit note if the invoice has been paid in full. If money must be returned, a refund should be made, unless the customer agrees it can be used against another outstanding invoice.

The credit note narrative should clearly state 'Credit Note'; refer to the original invoice number which is being cancelled/credited; make clear why the credit note is being issued; and follow the same VAT treatment as the original invoice being cancelled/credited.

With the exception of debts that have been approved for write-off in accordance with the Financial Regulations, credit notes must not be raised to cancel an invoice due to the failure or refusal by a client/customer to pay an invoice that is properly due for payment.

### **How debts will be escalated**

Invoices that remain outstanding after the due date will initially be followed up by the Facilities Administration Assistant on a Tuesday weekly as follows:

- Due date – First reminder email sent requesting payment within 14 days
- 14 Days Overdue – Second reminder email requesting payment within 7 days
- 21 Days Overdue – Third reminder telephone call enquiring why payment has not been made
- 31 Days Overdue – Letter sent under signature of RFO or Facilities Manager demanding payment within 7 days or contact and advising that further provision of services/goods will be cancelled until payment has been received in full.
- Final Notice then issued if appropriate. This shall set a deadline for settlement after which legal action will be pursued.

The RFO will provide the Finance, Economic Development and General Purposes committee with details of invoices which remain outstanding for more than 70 days to consider further action, which may include:

- Debt Collection - This involves enlisting the services of a third party to help recover the debt. Once they have been contacted by the third party this will be recorded and impact on the debtor's credit score.
- Small Claims Court – This will allow both sides to mediate and reach a conclusion. This usually means the customer is ordered to repay the debt, interest and fees, which have accrued as a result of having to pursue legal action.
- Write off the debt if it is believed to be unrecoverable. While the Council will make every effort to pursue debts it recognises that in some circumstances debts will become unrecoverable. Good practice dictates that, when all methods of debt recovery have been exhausted, any debts that remain unrecoverable are written off promptly in accordance with the Financial Regulations.
- If appropriate, recover goods supplied.

Decisions will involve a cost benefit analysis.

At every stage of the collection process, full records must be kept of any discussions or correspondence between the Council and the debtor.

If a valid dispute or query requiring investigation is raised in respect of the invoice then further recovery should be suspended, until the matter is resolved. This should be done with due process.

### **Collection Methods to be Used**

- The Council will not use oppressive or intrusive collection methods.
- The Council will not act in a manner intended to embarrass the debtor.
- The Council will be discreet when attempting to contact the debtor, whether by telephone, letter or by personal visit.
- The Council will ensure that all attempted contact with debtors is made at reasonable times and at reasonable intervals.
- Unless instructed otherwise by the debtor, the Council will not discuss or disclose to anyone the customer's information.
- The Council will not use improper or underhand means to obtain the telephone number or address of the debtor. This does not preclude the appointment of a trace agent or similar professional.
- The Council will not pressure debtors to sell property or raise funds by further borrowing.

### **Circumstances in which a debt may be written off**

- The debt is owed by a person or company subject to bankruptcy or insolvency proceedings, with little chance of the Council subsequently receiving a dividend;
- The debtor has died and there are no or insufficient funds remaining in the estate to settle the debt;
- The debtor is suffering from a severe illness which makes enforcement action inappropriate;
- It is not cost-effective to pursue the debt (either due to the small value of the debt itself; or because enforcement might cost more than the debt to be recovered, balanced against the likelihood of recovering that debt); or
- The debtor cannot be traced.

### **Review**

This policy will be reviewed annually to ensure it still meets the needs of the Council and complies with necessary regulation; however, it may be varied at any time subject to agreement by Council.