

**BIRCHWOOD TOWN COUNCIL INCOME COLLECTION
AND DEBT WRITE OFFS POLICY / PROCEDURES**

February 2023

Introduction

This document presents good practice guidelines for any transactions of Birchwood Town Council's goods or services. The Town Council's provision of goods / services is currently very limited.

1. Charging for Goods and Services

- (a) Goods/services should only be provided on receipt of an official order, booking form or written request from the customer, either via letter or email. All orders should be acknowledged in writing and include reference to whether the order includes VAT.
- (b) Charges will be reviewed by the Council at least every twelve months. Customers should be made aware in writing where appropriate.
- (c) Before undertaking any additional works or supplying any supplementary goods/services, it is essential to obtain written authority from the customer, including acceptance of the additional costs involved.
- (d) An invoice should be raised once the service has been received or goods delivered. Where appropriate interim invoices will be sent.
- (e) The Town Council is not registered to charge Value Added Tax (VAT) for services.

2. Raising Invoices

- (a) All sales of goods/services must be identified, and charges raised accordingly. Responsible Officers must ensure that all income due is claimed and that appropriate invoices have been raised.
- (b) Unless stipulated otherwise, all invoices must be raised as soon as practicable after the goods or service has been delivered.
- (c) Invoices should be presented on Town Council headed paper.
- (d) All invoices should be checked for accuracy, to remove the requirement for the Town Council to issue a refund, or issue a further invoice for additional monies owed.
- (e) To note that the Town Council undertakes the majority of its work on land owned by other organisations without expecting payment. These services are paid for from the local Council Tax portion of the Precept. The Town Council works in partnership with other landowners, where possible, to keep the area safe, clean, tidy and well maintained.

3. Credit Notes / Refunds

- (a) The Town Council does not issue credit notes. If an invoice is raised in error, or a customer has been overcharged, the customer should be notified at the earliest opportunity. Adequate written correspondence and details should be supplied to the customer.
- (b) Any underpayments to a customer will be notified to Council and the difference between the amount owed and the amount paid will be paid to the customer as soon as possible.

4. Write Offs

- (a) A debt should only be written off when it is a valid debt and the Council is unable to secure payment.
- (b) If a debt is to be written off it has to be approved by the Council.
- (c) The reason for write offs should be supported by relevant documentation and any related information.
- (d) In accordance with HM Revenue and Customs regulations, VAT relating to a debt write off will be reclaimed via the VAT return.

5. Debt Recovery

- (a) Officers and Councillors must recognise the importance of recovering outstanding debts wherever possible.
- (b) Reminder letters should be sent by the Responsible Finance Officer to the debtor using first class registered post, if other prompts, such as email reminders have proved to be unsuccessful.
 - The first formal reminder letter will state that payment is required within seven days and that any further provision of services/goods will be cancelled until payment is received in full. The letter may also state that the Council reserves the right to add a charge to cover lost interest on the monies outstanding, where the value is greater than £100.
 - After a further seven days, a second reminder will be sent, notifying the customer that unless payment is made within seven days the Council may consider taking court action.
 - The Responsible Financial Officer in consultation with the Clerk and Chair of the Council shall determine the appropriate action to take, and report decisions and actions to the next Part II Finance Meeting of the Council.
- (c) At every stage of the collection process, full records must be kept of any discussions or correspondence between the Council and the debtor.
- (d) If a dispute or query is raised in respect of the invoice then further recovery should be suspended, until the matter is resolved. This should be done in a timely manner.
- (e) Any requests for repayment on an instalment basis should result in full settlement within twelve months and be agreed by the Council if over £1,000. The Council reserves the right to add a charge to cover lost interest (at the prevailing bank interest rate during the time the debt is being repaid) on the monies outstanding.

The Council would issue a monthly statement to the debtor showing the status of the debt.

6. Excess Payment

- (a) A payment made in excess of the debt invoiced will result in one of the following actions as appears reasonable:
 - It may be returned to the payer with a request for the correct payment.
 - It may be accepted provided it does not exceed the sum due by more than 10% / £50 whichever is the lower, and the appropriate refund made.
 - It will be accepted and no refund made for amounts less than £1.

7. Review and Amendment of Practice

- (a) It shall be the duty of the Council to review this policy from time to time.

8. Conduct in Collecting Debts

- (a) The Council will not use oppressive or intrusive collection methods.
- (b) The Council will not act in a manner intended to embarrass the debtor.
- (c) The Council will be discreet when attempting to contact the debtor, whether by telephone, letter, or by personal visit.
- (d) The Council will ensure that all attempted contact with debtors is made at reasonable times and at reasonable intervals.
- (e) Unless instructed otherwise by the debtor, the Council will not discuss or disclose to anyone the customer's information. Notwithstanding this provision, the Council may disclose customer information to any agent or body instructed to obtain payment on its behalf.
- (f) The Council will not use improper means to obtain the telephone number or address of the debtor.