



Morecambe Town Council

Morecambe Town Hall,
Marine Road
Morecambe
Lancashire
LA4 5AF



Income and Debt Management Policy

Updated June 2024

Introduction

This document intends to outline the procedures for the sale of any Morecambe Town Council goods and/or services. It also details procedures of management for any debts that may occur as a result of non-payment.

Charging for Goods and Services

1.1 Goods/services should only be provided on receipt of an official order (by booking form, email, letter, verbal instruction, or otherwise). All orders should be acknowledged in writing, or when writing is not possible (such as at events) verbal confirmation should be provided to the customer.

1.2 Charges will be reviewed by relevant committees at least every twelve months. Customers will be made aware of charges.

1.3 Before undertaking any additional works or supplying any supplementary goods/services, it is essential to obtain approval from the customer, including acceptance of any additional costs involved.

1.4 When applicable, an invoice will be raised once the service has been agreed and will be payable within the payment terms agreed.

1.5 All VAT charges will conform to the requirements of the HMRC.

Raising Invoices

2.1 Please refer to 1.4

2.2 All sales of goods/services must be identified and charges raised accordingly. Officers must ensure that all income due has been claimed and that appropriate invoices have been raised where appropriate.

2.3 If the goods/services are subject to VAT, this must be shown and coded separately on the invoice.

2.4 All invoices should be checked for accuracy, as this will reduce the number of credit notes that the Council will need to issue.

Credit Notes

3.1 If an invoice is raised in error it must be cancelled with a credit note. Adequate documentation or information should be supplied to support the credit note.

3.2 A credit note should be raised to cancel the invoice in full or to reduce the value.

3.3 A credit note will also be raised as part of refunding the recipient of goods and/or services.

Write Offs

4.1. A debt should only be written off when it is a valid debt and the Council is unable to secure payment.

4.2. If a debt is to be written off it has to be approved by the Finance and Governance Committee if greater than a value of £500.00 and referred to Full Council if greater than £5,000.00.

4.3 The Responsible Financial Officer shall only write off a debt below the £500.00 threshold after notifying the Chairperson of the Finance and Governance Committee, who can ask for the matter to be brought to the F&G Committee. If it is not requested that the matter be brought to the attention of the committee within 5 working days following notification, it can be written-off accordingly.

4.3. All write offs should be supported by the relevant documentation/information as to the reason for write off - which can include situations where officer costs to recover exceed the value of the invoice.

4.4. In accordance with HM Revenue and Customs regulations, VAT will be reclaimed by the VAT return wherever possible following the HMRC Guidance.¹

Debt Recovery

5.1 All staff must recognise the importance of recovering outstanding debts.

5.2 Reminder letters should be printed and dispatched by the Finance Officer to the debtor using first class, signed for post. An email will also be sent with a digital receipt.

- The first reminder letter should be produced 5 days after the payment term on the invoice raised has expired. The reminder letter should state that payment is required within 5 working days and that any further provision of services/goods after this date will be withheld until payment is received in full.
- The letter may also state that Morecambe Town Council reserves the right to add a late payment charge* where the value is greater than £100.00 if full payment is not received within the days specified. *A 1% interest rate, calculated daily.
- After a further 5 days (10), an additional reminder should be sent. This notifies the customer that unless payment is made within 5 days (15) from the date of the letter the council may take further action to recover the balance.
- The Financial Officer shall determine the appropriate action to take in consultation with the Chairman of the Finance Committee and report the same to the next meeting of the Finance Committee.

¹ <https://www.gov.uk/guidance/relief-from-vat-on-bad-debts-notice-70018>

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

5.4. 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 as soon as possible.

5.5. Any requests for repayment on an instalment basis should always result in full settlement and be agreed by the Finance Committee if over £5,000.00. Officers may approve instalment repayments for sums below £5,000.00.

Excess Payment

6.1. A payment made in excess of the debt invoiced will result in the amount rightly due retained by Morecambe Town Council and any excess monies returned to the customer as soon as practicable.

Review and Amendment of Practice

7.1 It shall be the duty of the Finance and Governance Committee to review this policy annually or sooner should it be required.

Conduct in Collecting Debts

8.1 Morecambe Town Council will not use oppressive or intrusive collection methods.

8.2 Morecambe Town Council will remain professional at all times when attempting to contact the debtor, whether by telephone, letter, or by personal visit.

8.3 Morecambe Town Council Council will ensure that all attempted contact with debtors is made at reasonable times with reasonable intervals.

8.4 Morecambe Town Council reserves the right to disclose customer information to any agent or body instructed to obtain payment on their behalf.

8.5 Morecambe Town Council must manage public funds with consideration to openness and transparency. Regular reports will be completed regarding debts and debtors must note these may be obtained by Freedom of Information (FOI) requests. The council will process data relating to individuals in line with recommendations from the Information Commissioner's Office (ICO) and the application of the public interest test.

History:

06/02/24 - Considered by the Finance & Governance Committee (Minute Ref: FG2324-22)

15/02/24 – Adopted by Full Council (Minute Ref - Minute 2023/24 - 086 – Policies)

06/2024 - 5.2 interest addition