

South Derbyshire District Council



Sundry Debtor Credit Control Policy

**SOUTH DERBYSHIRE DISTRICT COUNCIL
SUNDRY DEBTOR CREDIT CONTROL POLICY**

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SUNDRY DEBTOR CREDIT CONTROL POLICY

1. INTRODUCTION

- 1.1 The Director of Corporate Services has responsibility, under Section 151 of The Local Government Act 1972, for the proper administration of the financial affairs of the Council. One such area of administration is that relating to Sundry Debtors and it is this that the Policy covers.
- 1.2 Financial procedural rules covering this area are to be found in Section 27 D2 (paragraphs D2.1 to D2.14 including the guidance notes) of the Council's Constitution. Timescales set out in the policy for payment terms, billing and account collection, together with performance reporting, are based on recommendations set out in best practice guidance issued by the Institute of Credit Management.
- 1.3 This Policy has been developed to help the Council meet its commitment to providing Value for Money. Particularly, it provides a framework for service delivery that recognises debt occurs for a variety of reasons; in some cases there may be a deliberate intention not to pay and in others non-payment may be as a result of an oversight or a change in personal circumstances.
- 1.4 The framework also facilitates the move towards a Performance Management operating model that fully supports the Council's Corporate Plan and which provides a methodology for generating information that can be used to drive continuous improvements and ensure excellence in Customer Services.
- 1.5 The Policy sets out the way in which the Council intends to collect monies due to it from both individuals and businesses.
- 1.6 The Council will use the most effective method of debt recovery, appropriate to each case, in order to maximise income.
- 1.7 The Council will keep under constant review advances in technology that may facilitate/improve or reduce the cost of the prompt payment of sums due to the Council.
- 1.8 Equality and related considerations will be taken into account in accordance with the Council's Equalities and Fairness Policy, current at the time of dealing with each case. Specifically staff seeking to recover debts will ensure information is accessible through translations, larger print versions or sign language, as appropriate to the needs of the debtor.
- 1.9 This Policy will be supported by, and provides support, to any Policies connected with social and financial inclusion.
- 1.10 Application of the Policy will be monitored by the Head of Customer Services and will be subject to periodic scrutiny and review.

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2. DEFINITION OF SUNDRY DEBTS

- 2.1 The Council charges and collects income from a diverse range of activities. Customers range from other public bodies, private businesses, through to individuals. Sundry debt does not include council tax, business rates collection and housing rents.
- 2.2 In addition, this policy does not apply to the recovery of housing benefit overpayments. These are subject to a separate policy and set of procedures.
- 2.3 The value of invoices raised can range significantly from a few pounds to many thousands of pounds, and therefore, taken together the value of all these sundry debts is considerable.

3. OBJECTIVES OF THE POLICY

- 3.1 The function and objectives of this Credit Policy are to protect the Council's investment in debtors, ensure a good overall control of debt, maximise cash flow and to provide a cost effective service. This is achieved by:
- Ensuring debtors are made aware of the Council's terms and conditions
 - Ensuring debtors, wherever possible satisfy the Council of their ability to pay
 - Raising invoices in a timely and accurate manner
 - Ensuring invoices raised are valid and reflect services provided
 - Raising invoices only if it is cost effective to do so
 - Ensuring customers pay in accordance with the agreed terms
 - Maintaining and developing good customer relationships by adopting three principles considered to be best practice in enforcement activity, namely that at all times the Council's actions will be proportional, consistent and transparent
 - Taking a similar approach in cases with similar circumstances to achieve similar ends by aiming to achieve consistency in the advice given, use of powers available to the Council and recovery procedures used. Consistency does not mean uniformity and staff must take account of all relevant factors when dealing with individual cases such as the family and social circumstances of the debtor, their payment history, income and ability to pay and health and age
 - Securing prompt payment and therefore minimising bad debts
 - Developing a good professional credit reputation
 - Dealing with and resolving queries promptly
 - Offering efficient and flexible payment methods
 - Taking prompt and efficient recovery action
 - Protecting a major Council asset - Debtors
 - Terminating services for non-payment where appropriate
 - Controlling responsibilities and internal authority levels
 - Developing teamwork with all Service Areas
 - Regular management reporting and performance measurement
 - Consistently implementing the Credit Policy

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- 3.2 It is inevitable that from time to time the Council will be required to pursue recovery from persons and or businesses experiencing genuine difficulty in making payment. An agreed and transparent policy of how the Council manages and collects debts is considered a key element in ensuring consistency, sensitivity and best practice in such situations. As such the approach, to collecting debt in South Derbyshire is one that provides clear and unequivocal advice and practical help.
- 3.3 The reasons for any action taken will be explained clearly, without jargon and to *Plain English* standards and will include the appropriate timescales. Such information may be given in writing or verbally and will be published on the Council's website. Braille or translation services will be used when considered necessary.
- 3.4 The procedures defined in this policy and the documentation illustrated, are designed to achieve these objectives. It is essential that the defined procedures are consistently implemented by all concerned.

4. RESPONSIBILITY FOR THE POLICY

- 4.1 In broad terms, the relevant responsibilities are as follows:

- **The Council** – setting and approving the policy.
- **The Director of Corporate Services** – advising and providing guidance on setting the policy and ensuring that the policy is implemented.
- **The Head of Finance and Property Services** – overall management of the policy.
- **The Head of Customer Services** - in respect of sundry debt recovery, the day-to-day administration of the Policy, through the Debt Recovery and Management Team based in the Council's Revenues and Benefits Unit.
- **The Exchequer Manager** – Invoice production, the provision of reports, reconciliations, performance information and the financial account maintenance of the computerised system through the Accounts Team in the Council's Finance Services Unit (defined as "Finance" in this Policy).
- **Legal Services and Property Services** – providing advice and support as necessary.
- **All other Council Departments** – applying the policy as defined in this document.

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5. RAISING AN INVOICE – GENERAL PRINCIPLES

- 5.1 A more commercial attitude should be adopted whereby fees and charges are obtained in advance or at the time of service provision. Where goods or services provided need to be paid for after this, then the Council offers credit facilities wherever it is considered prudent to do so.
- 5.2 By raising an invoice, the originating Department agrees that approval to take appropriate recovery action, including Court action when necessary, is granted at the time that the debt is raised.
- 5.3 However, the following points should be considered before raising an invoice:
- Fees and charges are payable in advance or at the time of using a facility or service, etc.
 - It should not be used as a mechanism for negotiating sums due to the Council.
 - They should not be raised for amounts less than £15.
The exception to this is licenses, rents and leases connected with occupying Council land and property.
- 5.4 The amount below which invoices should not be raised will be determined annually by the Head of Finance and Property Services.

6. CREDIT ASSESSMENTS

- 6.1 Due to the type of services and facilities the Council provides and the duties it is obliged to undertake, it is not possible or feasible to assess all the customers of the Council.
- 6.2 However, there are certain areas of the Council's business where a credit check should be undertaken of potential customers before the service or facility is provided.
- 6.3 This is in relation to potential leaseholders of commercial and industrial property where a satisfactory bank and trade reference or other suitable credit check, should be obtained prior to a letting.
- 6.4 This is undertaken by the Property Services Unit in conjunction with the Council's lettings agent and may comprise of the following checks being made:
- (i) The customer being asked to provide two trade references and their bank details so that references can be obtained. This will give some indication as to their trading experience and payment history with other suppliers.

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- (ii) A bank reference will give an indication as to the customer's ability to pay the amount of the contract/service to the agreed terms stated in the contract. The clearing banks currently charge an Administration Fee which is payable by the enquirer.
- (iii) Access through an Information Database which means that a search can be undertaken on every address registered in the United Kingdom for any detrimental information which is held against the persons registered as living at the property address provided. This information is obtained by Internal Audit and shows whether the customer has any other credit commitments and if so whether these have been discharged satisfactorily. It will also show whether any County Court judgments are registered against the address and if so, when they were registered and for what value.

If the potential customer is a registered Public Limited Company (PLC) or Private Limited Company (Ltd) then where possible a more detailed credit assessment may be undertaken.

7. OPENING NEW ACCOUNTS

7.1 Due to the variety of services and facilities that the Council provides, it is the responsibility of each Department to ensure that all of the required details to raise an account are obtained from the customer. The required details are listed below:

- The identity of the customer, i.e. a PLC or Limited Company, sole trader, partnership, public body, voluntary organisation, club or society.
- In the case of a limited company, the Registered Office address of the company and the address of the Company Secretary where invoices should be sent.
- In the case of a partnership or sole trader, their full names and their trading name, together with their home and trading addresses.
- In the case of members of the public or voluntary organisations, club or society, their full name, home address and status of the person in the organisation and written confirmation that they take personal responsibility for any invoice raised against the organisation, club or society.
- In general, the invoice address if different, together with the contact details of where the invoice is to be sent.

7.2 These details should be obtained by the relevant Department prior to the provision of the service or use of a facility, etc. Where possible, the Department should obtain written confirmation from the customer stating they understand they will be responsible for full payment of the service or use of a facility prior to it being provided by the Council.

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- 7.3 All details should be passed promptly to Finance who should ensure that there is no duplication or conflict with similar customers already set up.
- 7.4 At this time, Departments should make new customers aware of the Council's standard payment terms and refer any possible request to deviate from this to the Debt Recovery and Management Team.
- 7.5 If the service or facility being provided is on a contractual basis then each Department must ensure that the customer:
- (i) Reads and understands all the terms of the contract.
 - (ii) Is informed both verbally and in writing of the Council's payment terms i.e. payment is due immediately on receipt of the invoice.
 - (iii) Is informed that if payment is not received then the person who has signed the contract is personally liable for the debt.
 - (iv) Is age 18 years or over.
 - (v) Must sign and date the contract and a copy is given to them for their records.
 - (vi) Is informed that an invoice will be sent for the charge of the service/facility.
 - (vii) Is aware of the VAT implications relating to that particular contract.

8. PAYMENT TERMS

- 8.1 The Council's standard terms require payments to be made immediately upon receipt of the invoice and these terms apply to all sundry debtor accounts raised within the Authority. Any deviation from these standard terms needs to be approved by the Head of Customer Services.
- 8.2 Payment by instalments is considered if requested. This applies mainly to the on-going provision of services with an associated annual charge. These currently relate to commercial waste collection.
- 8.3 In such circumstances, payment must be received by each due date in the agreed instalment plan.

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9. BILLING

- 9.1 All invoices should be raised centrally in Finance using the Council's main financial management system. To aid efficient debt collection and prompt settlement, Departmental requests to raise bills should be within 2 days of the service/facility provision. Invoices should be raised and sent to customers within 10 days of the service/facility provision by Finance. For tax purposes an invoice issued by a local authority must be issued within two months of the tax point arising i.e. the date the goods were sent or made available for use or the date the service was performed or completed. This limit can be extended if the invoice cannot be issued until an invoice is received from the Council's own sub contractors/suppliers. Failure to raise invoices within the period contravenes the VAT rules. To aid recovery procedures it is essential that dates of service provision are given when invoices are raised.
- 9.2 Again, any deviation from this needs to be approved by the Head of Finance and Property Services. An exception is for rechargeable works where the exact cost of the service may not be known nor evidenced immediately. However, in any case, an invoice should be raised within 2 weeks of completing the works.
- 9.3 Prompt invoicing is essential to efficient debt collection; the longer the period, the less likely is prompt settlement. This is particularly pertinent to areas such as rechargeable repairs where (former) tenants may be reluctant from the outset to pay for work undertaken, let alone for work that was carried out some time ago.
- 9.4 The content (narrative) on the invoice request should be concise but of sufficient clarity to ensure that the customer fully understands the bill. This must include the nature of service, date, periods of time, location, full contact details and a purchase order number (if applicable). Invoice requests will be returned to departments if any of the specified details are omitted.
- 9.5 Invoice requests from departments must therefore clearly state all these details including the name of the person liable to the debt in the case of sole traders.
- 9.6 The bill ultimately raised should show clearly the Council's terms and conditions, including the payment terms and methods of payment.
- 9.7 A report on invoices raised for each department/ section will be produced to enable staff to reconcile the invoices that have been entered onto the Sundry Debtor System, ensuring that all invoices which should have been raised have actually been raised. This will also provide the opportunity to add invoice numbers to background paperwork/ records for control purposes.
- 9.8 All relevant information relating to a bill should be kept either in paper or scanned image format until at least six years after it is first issued. If at the end of that six-year period the bill remains unpaid, the supporting documentation should be retained until either final settlement or write-off of the debt.

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10. METHODS OF PAYMENT

10.1 The Council's preferred method of payment is in electronic form and this is encouraged as much as possible.

These payment methods are as follows:

- Automated Telephone Payments
- The Internet – both the Council's website and through Customer's internet banking accounts
- Direct Debit

Other forms of payment accepted by the Council are as follows:

- Credit and Debit cards (in person)
- Credit and Debit cards over the telephone to Customer Services and the Debt Recovery and Management Team
- At a Post Office and other Payment Points
- Cash and Cheques

However, the Council recognises that the nature of its community means that in some cases payment by cash will remain the preferred option for some of its customers

11. ACCOUNT CONTROL

11.1 The Council aims to be more proactive in the collection of sums due from its major non-consumer debtors. This involves liaison with these debtors on a regular basis.

11.2 Adopting a more pro-active approach to the collection of sums due to the Council and ensuring follow up contact after the issuing of the invoice ensures the payment of larger sums within the terms of this Policy. The Debt Recovery and Management Team will assess accounts on individual merit and circumstance.

11.3 The Council will work alongside welfare and advice agencies in dealing with debts due to the Council (either singly or as part of a multiple debt scenario that may include other organisations) and actively signpost, with the debtor's approval, such cases as are considered appropriate to those organisations.

11.4 In the case of multiple debts due to the Authority the staff within the Debt Recovery and Management Team will coordinate recovery activity and balance repayment profiles across all debts due to the Council.

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12. ACCOUNT COLLECTION

12.1 Where an account is not settled by the due date, based on best practice guidance, the following process shall apply:

- 21 days after the invoice date – a reminder letter is sent.
- 14 days later – a notice of legal proceedings is sent and gives the debtor a further seven days in which to make payment or to inform the Council as to the reason for non-payment – Letter Before Action
- 28 days later – legal proceedings commence i.e. County Court Action

12.2 Reminder letters are generated by Accounts Section staff. They request a weekly reminder letters run from the computer system. The reminder letter run is preceded by a credit/debit run to match any payments to invoices before the reminder letters are printed. Recovery action can be suspended (parked) at any time after the date of the invoice to prevent a reminder letter being raised. The Debt Recovery and Management Team have access to a report which details all “parked” invoices.

12.3 In the interest of economy and where appropriate all bills and reminders will be issued by 2nd class post, and bundled in such a manner as to attract the most advantageous postal discount rate that may be available, unless contrary to regulations or other statutory or legal requirements. At the discretion of the line manager and budget holder some documents may be issued by First Class post if there is a compelling business case for doing so e.g notice of legal proceedings (Letter Before Action).

12.4 Prior to statutory methods of enforcement being taken, the Debt Recovery and Management Team may use, where cost effective to do so, external collection agents, visits to the debtor's home and telephone debt chasing as alternative means of recovering debts.

12.5 The cycle can be changed depending on specific circumstances. The timescale should not be increased only reduced or a stage eliminated if the debtor is considered to be a high risk.

12.6 This process is co-ordinated by the Debt Recovery and Management Team and supported by the Council's Legal Services Unit, where necessary for undefended matters. In relation to defended matters only, these matters are referred to Legal Services when it becomes evident that the matter is to be defended by the debtor.

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13. DISPUTED INVOICES

- 13.1 Where a customer disputes an invoice, the Debt Recovery and Management Team shall refer the matter to the Department that originated the request for an invoice. It is the responsibility of that Department to resolve the issue of the dispute and to ensure that they have all the required information to substantiate any sundry debtor account which is issued by their Department. The contact name and direct line telephone number appear on invoices.
- 13.2 At all times, the Department that originated the request for an invoice must keep the Debt Recovery and Management Team informed of the status of the dispute and whether the collection of debt should be suspended or re-commenced by the Debt Recovery and Management Team. This will ensure that the collection cycle is managed appropriately.
- 13.3 To help customer service and efficient debt collection, all disputes should be resolved within 28 days in accordance with best practice guidance.
- 13.4 Where an incorrect charge to a customer has been made by the Department that originated the request for an invoice, or the address provided for the invoice was incorrect, the Department must inform the Debt Recovery and Management Team and Finance within 3 days of discovering the error and provide instructions as to how the matter is to be resolved.
- 13.5 Where the dispute relates to a charge of sub standard work, goods not received or service not provided, then these may normally take longer to resolve.
- 13.6 However, they should never be left unresolved and it is the responsibility of departmental managers providing the service, to review on a regular basis any disputes under their responsibility and bring to a conclusion as soon as possible.
- 13.7 In any event, after 28 days, it is expected that the account is either paid or recovery action recommended. If no action to resolve the dispute is taken within the 28 days a credit note will be raised and this is charged back to the relevant departmental cost centre.
- 13.8 A dispute is not resolved unless it meets one of the following conditions:
- Customer is correct and gets full credit
 - Customer is partly correct, gets partial credit and accepts revised charge
 - Customer is incorrect and accepts the charge
 - Customer is not correct but does not accept the situation and the Council is prepared to commence legal proceedings.

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14. CREDIT NOTES

- 14.1 Some invoices raised may ultimately be incorrect and require cancelling or the charge reduced. This could arise from a customer dispute or be identified internally.
- 14.2 Where a corresponding credit note is required, the relevant service area should authorise Finance to deal with this by completing a Credit Note Request Form, setting out a brief explanation of why the change is required.
- 14.3 The Debt Recovery and Management Team may initiate a credit note for invoices raised that contravene the Credit Policy at any stage of the recovery process. These will be authorised by the Head of Customer Services and Revenues & Benefits Manager.
- 14.4 The above does not preclude the debt from being reinstated if circumstances change.

15. SANCTIONS

- 15.1 Where an account remains unpaid and is not subject to dispute or any other agreement regarding its status, then cancellation of the service provided or future access to a facility, etc. should be seriously considered.
- 15.2 This should be reviewed before legal proceedings are commenced and is a decision for the service department following advice and guidance from the Head of Legal and Democratic Services and Head of Finance and Property Services.
- 15.3 Each case should be considered on its own merits.

16. ACCOUNTS SUBJECT TO LITIGATION

- 16.1 All unpaid accounts over £150 in value, which become overdue after 28 days are subject to potential recovery through the courts. This is the decision of the Debt Recovery and Management Team in conjunction with Legal Services.
- 16.2 The minimum amount on which court action will be taken will be subject to annual review by the Head of Customer Services in conjunction with the Head of Legal and Democratic Services, having regard to County Court fees.
- 16.3 The Department should consider whether cancellation of the service is possible. In addition, a credit check is undertaken to further determine whether it will be cost-effective to pursue the debt in this way.

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- 16.4 It is the responsibility of the service department to ensure that it has the necessary supporting evidence. Unless Departments make sufficient evidence available, then it may not be possible for legal action to be initiated.
- 16.5 All statutory methods of enforcement of debts shall be available for use in relation to Civil Enforcement in the County Court.
- 16.6 The costs of enforcement action/litigation to recover sundry debtor invoices will be charged against the budget of the service raising the invoice. Any costs recovered from the debtor will be credited against these sums.
- 16.7 Enforcement agents and Council staff shall comply with relevant advice from the Lord Chancellor's Department that is, at any time, currently in force.
- 16.8 Where legislation permits, the Council will seek to levy and recover from the debtor any and all costs/fees that are legitimately due from the debtor to the Authority or its agents. In exceptional cases, where it would not be in the public interest to pursue residual costs/fees only following settlement of the original debt will they be waived. This will be the decision of the Head of Customer Services.
- 16.9 Departments have 10 days to supply any relevant information to the Debt Recovery and Management Team for Legal action to commence. After a full consideration of this documentation the Debt Recovery and Management Team may commence the process towards Court action. If this step is to be taken it will be actioned within 10 days of receiving the relevant documentation. Please note this information should substantiate the invoice which has been raised. This information will be disclosed to the Debtor at an early stage and it will form the evidence which the Council will rely on should the matter proceed to Court. If there are any inconsistencies between the information provided and the invoice raised the matter will have to be considered for cancellation as the Council may not be successful in a claim against the Debtor due to the lack of evidence.
- 16.10 The Debt Recovery and Management Team will credit note invoices where no backing papers have been received 30 days from when requested or where they will not stand up to court scrutiny and County Court recovery is no longer an option.
- 16.11 The Debt Recovery and Management Team will instigate Court action, but, where the case is defended, Legal Services will represent the Council.
- 16.12 Unfortunately in some instances, despite a County Court Judgment being obtained and enforcement action being taken, legal action fails to produce a payment towards some or all of the debt due. In these circumstances, further action is limited and in most situations the invoice will be submitted for write off. However, if any individual Department / Service Area has any information which may suggest that the debtor could have any assets then consideration may be given to the issuing of bankruptcy proceedings. This option will only be exercised if there is additional information available which indicates the debtor may have

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assets which could be distributed via appointing the official receiver to declare the Debtor bankrupt and distributing any assets accordingly. The Council is treated as an unsecured creditor in such an action and consequently it may be at the end of a very long chain of creditors. As bankruptcy proceedings are expensive and the prospect of return is low, such proceedings will only be considered if there is additional financial information. In this case it may be that the Debtor is willingly choosing “not to pay” rather than “not affording to pay”. In such circumstances consideration of this method of recovery will be undertaken.

17. DEBT FOR WRITE OFF

- 17.1 The Council recognise that where a debt is irrecoverable, prompt and regular write off of such debts is good practice as it maintains the accuracy of the collection databases. The same principles apply to accounts in credit.
- 17.2 The Debt Recovery and Management Team will seek to minimise the cost of write-offs by taking all necessary action to recover what is due within a timely manner. All debts will be subject to the full recovery, collection and legal procedures as outlined in this policy.
- 17.3 Bills and reminders returned as ‘Gone Away’ will in all cases be submitted to the LOCTA search engine that the Council shares with a wide range of other local authorities. Where a forwarding address is not available through that means, consideration will be given to the use of a Tracing Agent on a ‘no success no fee’ basis. The use of this resource will generally not be used for debts below £150.
- 17.4 Where all forms of recovery on outstanding debt have been exhausted and/or it is considered that the debt is no longer economic to pursue, it should be written off. Depending on the limit set out in the Council’s financial procedural rules, this is subject to approval of the Chief Executive and Director of Corporate Services or the Finance and Management Committee.
- 17.5 Where the debt has been subject to litigation, the Debt Recovery and Management Team, in conjunction with Legal Services, should discuss whether the debt is reasonably recoverable and future action to be taken in respect of the matter.
- 17.6 The Revenues and Benefits Manager should review outstanding debt on a monthly basis with the aim of identifying any uncollectible debt sitting on the Council’s ledger for an indefinite period. All write offs should be processed within the time limit to allow VAT to be reclaimed on the bad debt (currently 3.5 years since the invoice was raised), unless instalment arrangements are in place.
- 17.7 All accounts that are considered and subsequently approved as being irrecoverable will be written off against the corporate debt provision. Where possible the VAT on written-off sundry debt accounts will be recovered by the Authority in accordance with the rules and procedures laid down by HM Revenue and Customs.

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17.8 Debt written off does not preclude arrangements for pursuing and accepting payment at a later date. Therefore, the Department that originated the request for an invoice should retain all relevant paperwork.

17.9 Credit notes are written back to the relevant departmental cost centre, therefore, a more proactive use of credit notes where disputes are not resolved and where backing paperwork for County Court action will not stand up to court scrutiny should reduce the amounts to be written off to the corporate debt provision.

18. INSOLVENCY

18.1 Where the Council is aware or notified of a customer falling into receivership or liquidation, etc. then Finance should be made aware immediately. Subsequently, finance should liaise with the Revenues and Benefits Manager to determine whether a receiver or liquidator has been appointed. The Debt Recovery and Management Team will submit the proof of debt.

18.2 Under no circumstances should a service or facility be provided to a company that is in receivership or any individual who is in the process of being declared bankrupt. Suitable checks on Companies who have voluntary agreements that allow them to continue trading should be made. A Company Search should be made at Companies House to elicit the relevant information.

18.3 Similar rules should apply to individuals who are attempting to clear debts under voluntary arrangements. Advice should be sought from Legal and credit checks made through Finance.

18.4 Where notification is received that a debtor has absconded without providing a forwarding address, then a trace facility is available. The Debt Recovery and Management Team will weigh up the cost of undertaking a trace against the size of the debt.

18.5 The Council is likely to become a low rated creditor in any insolvency proceedings. Therefore, such debts should be written off as soon as a proof of debt has been lodged.

19. PERFORMANCE MEASUREMENT AND MANAGEMENT REPORTING

19.1 The Council recognises that prompt recovery action is key in managing its debt and maximising income. The following performance information should be compiled:

- Days Revenue Outstanding (DRO or Debtor Days) provided by the Exchequer Manager on a monthly basis. This is a standard and commonly used indicator that identifies the average number of days for the organisation to receive payment for its invoices. The Council should aim to achieve a period-on-period reduction in average debtor days.

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- The proportion of outstanding debt that is more than 90 days old from date of invoice provided by the Exchequer Manager on a monthly basis. This indicator examines the ability of the Council to recover outstanding debts from customers and adopts the commonly used 90-day credit period. The Council should aim to achieve a period-on-period reduction in the proportion and this indicator should be used in tandem with Days Revenue Outstanding (DRO or Debtor Days).
- Credit notes as a percentage of total customer invoices raised provided by the Exchequer Manager on an annual basis. This examines the accuracy of invoices raised by reviewing the number of credit notes required to make adjustments to invoices previously raised. The Council should aim to achieve a period-on-period reduction in the percentage.
- The cost of the invoicing function per customer invoice processed provided by the Exchequer Manager on an annual basis. This is a standard and commonly used indicator that examines the efficiency of the invoicing function by identifying the cost of raising each customer invoice. The Council should aim to achieve a period-on-period reduction in the cost of invoice processing. This indicator can additionally be used to suggest a minimum value for which an invoice should be raised.
- Monthly reports on recovery activity to originating departments provided by the Debt Recovery and Management Team.

19.2 Therefore, the Council will:

- Set clear targets for the recovery of debt.
- Have clear written recovery procedures.
- Have in place regular and formal reviews with partners and agents
- Set priorities for specific areas of debt and assess recovery methods to ensure maximum efficiency and recovery levels.

19.3 The performance information should be produced by the Exchequer Manager for the Head of Finance and Property Services and the Head of Customer Services on a monthly basis. Information should be reported quarterly to the Finance and Management Committee alongside some narrative to explain the figures, trends, actions required, etc.

19.4 The main benchmark is the Council's own past performance and trends, etc and these are the indicators on which improvement should be based. However, wherever possible, comparisons are made with other local authorities and local government generally, through published information or benchmarking clubs, etc.

19.5 Where either national or local performance indicators exist the Council will strive to be the best in class and publish actual performance against these targets quarterly, including reporting to the appropriate Committee. Progress reports will be monitored monthly by the Head of Customer Services.

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FINANCIAL PROCEDURE RULES

D. FINANCIAL ADMINISTRATION

D2. INCOME AND EXPENDITURE

INCOME

Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Authority's cashflow and also avoids the time and cost of administering debts. Director of Corporate Services

- D2.1 To supervise the collection of all money due to the Council.
- D2.2 To be notified promptly of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council.
- D2.3 To take all reasonable measures for the recovery of debts due to the Council in connection with the recovery of the National Non-Domestic Rate and Council Tax. The Director of Corporate Services shall be authorised to initiate such legal proceedings as he may deem appropriate in the Magistrates' Court. In any other circumstances arising where legal action is necessary, all details shall be passed to the Chief Executive to initiate legal proceedings for recovery.
- D2.4 Sums due to the Council shall not be written-off except on
- (a) the authority of the Chief Executive and the Director of Corporate Services in respect of a sum not exceeding £1,500.
 - (b) the authority of the Finance and Management Committee on recommendation of the appropriate committee in respect of a sum in excess of £1,500. The term "sum" shall be construed as meaning the total amounts owed by one debtor.
- D2.5 Cases involving liquidation, receivership, court decisions, etc be written off at the culmination of that process within the timescales of the appropriate legislation (Insolvency Acts etc)

Guidance

There is no necessity for Member approval to write-off amounts appertaining to D 2.5, however in the case of significant amounts it is appropriate to advise Members accordingly.

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Chief Officers

- D2.6 To promptly notify the Director of Corporate Services, in the manner prescribed, particulars of all charges to be made for work done, services rendered, or goods supplied to the various departments of the Council and of all other amounts due.
- D2.7 To prepare, in conjunction with the Director of Corporate Services, a report to the appropriate Committee by the relevant Chief Officer, of any proposed new charges or changes in existing or temporary charges
- D2.8 To prepare, in conjunction with the Director of Corporate Services, a report to the appropriate Committee by the relevant Chief Officer, of any proposed changes to charges by way of discounts, promotions, etc. Additional Committee approval of any such arrangements within the terms of a previously approved scheme is not required.
- D2.9 In cases where the services have been made the subject of competition, whether compulsory or voluntary, financial rules D.2.7 & D.2.8 shall not apply where the responsibility for setting charges is passed to the successful contractor who shall be bound by the terms and conditions of the contract.
- D2.10 To submit to the appropriate Committee after consultation with the Chief Executive, Director of Corporate Services and the Corporate Management Team a list of charges made by his department, the date they were last revised and his recommendations on them.
- D2.11 To ensure all money received by an Officer on behalf of the Council shall, without delay, be paid without deductions to the Director of Corporate Services or, as he may direct, to the Council's bank or National Girobank account.
- D2.12 To ensure personal cheques shall not be cashed out of the money held on behalf of the Council.
- D2.13 To determine, with the Director of Corporate Services, maximum limits for cash held within any department which shall not be exceeded without his permission.
- D2.14 To obtain clearance from the Director of Corporate Services as to any VAT implications for any new proposal which generates income to the Council.

Guidance

- (a) all income due to the authority is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed
- (b) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery

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- (c) all money received by an Officer on behalf of the Authority is paid without delay to the Director of Corporate Services or, as he or she directs, to the Authority's bank or National Giro account, and properly recorded. The responsibility for cash collection should be separated from that:
 - ✂ for identifying the amount due
 - ✂ for reconciling the amount due to the amount received
- (d) effective action is taken to pursue non-payment within defined timescales
- (e) formal approval for debt write-off is obtained
- (f) appropriate write-off action is taken within defined timescales
- (g) appropriate accounting adjustments are made following write-off action
- (h) all appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule
- (i) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

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CREDIT NOTE REQUEST/INVOICE CANCELLATION

Customer Name			
Address			
Town			
County			
Postcode			
Contact		Telephone Number	

Product Code (if known)	Description	Account No.	Cost Centre	Detail	Location	Quantity	Unit Price	Total Net Price	VAT Code
Total Vat									
Total Credit Amount									

Invoice Number(s) this credit relates to	
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Reason for credit/cancellation

Entered by:

Entered by

--

Extension
Number

--

Authorised by

--

Head of Service

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Sundry Debtors - Supply/Service/Booking Agreement

Company, Organisation, Club or Individual

Name (please give full name(s) of partnerships & sole traders where applicable) _____

Invoice Address: _____

Trading Name & Address: _____

Home Address (of partners, sole traders, representatives of clubs/organisations & members of the public):

If a limited company please also provide:

Name of Company Secretary _____

Company Registration Number _____

Registered Address: _____

Description of Supply/Service/Booking including dates

I (print name) _____, **on behalf of** _____ (enter company name, organisation name, etc, where necessary) **will accept responsibility for paying any invoice raised in connection with the above supply/service provided, and will ensure that payment is made in accordance with the terms specified.**

Signed _____ **Date** _____

Status / Job title of signatory _____

Contact Details - Telephone no. _____ Fax no. _____

- E-mail address _____

The Council department providing the supply/service is responsible for getting their customer to complete this form. It should then be passed to the Accounts Section together with a completed Sundry Debtor Invoice Request Form.

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