



NewquayCouncil

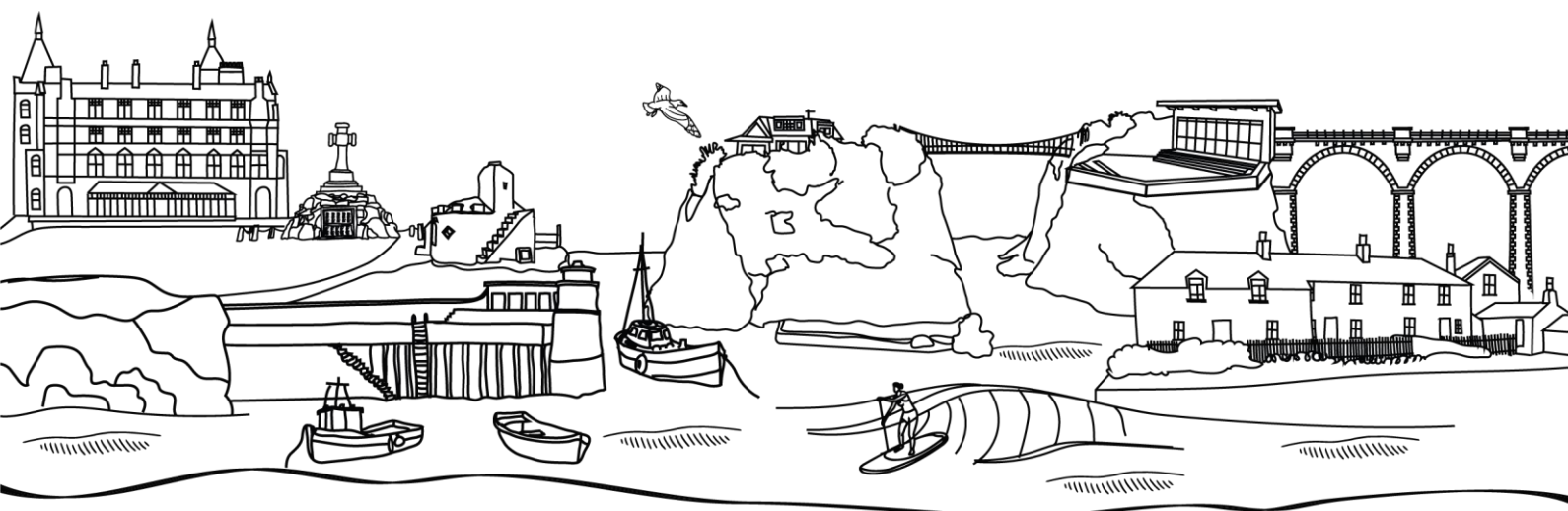
CorporateService

Name of Policy:

**CREDIT MANAGEMENT CODE OF
PRACTICE**

Date of Inception:

02 May 2024



Newquay Credit Management Code of Practice

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This is a Policy or Procedure document of Newquay Town Council and as such must be fully adhered to by both councillors and employees.

Policy/Procedure File Status			
Version	1.2	Approving Body	Full Council
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Responsible Officer	F&PM	Minute Reference	060/23 (F)(iii)(1)
Oversight Committee	Governance and Resources (G&R)	Review Date	May 2025

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Date	Version	Author/Editor	Comments
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28.03.2022	1.0 Draft	G&R Committee	Recommended to FC
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13.03.2023	Reviewed	F&P Manager	Updated
14.03.2023	1.2 Reviewed 2023	CE&TC	Updated committee names and contact details
04.03.2024	1.2 Reviewed 2024	RFO	To readopt unchanged and be reviewed in 2024-25

Review Record				
Date	Type of Review Conducted	Stage Completed	Summary of Actions Taken or Decisions Made	Completed By
13.03.2023	Full		See tracked changes	F&P Manager
14.03.2023	Full		Updated committee names and contact details	CE&TC
04.03.2024	Full	Yes	No amendments	RFO

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1.0 Policy Background

- 1.1 Newquay Town Council acknowledges the importance of managing income/money due (debt) in a fair and consistent manner, especially in ensuring there is clear communication, as most misunderstandings relate to a lack of communication between both parties. This document sets out the terms in which the Council will interact with customers with regards to invoicing and payment of the supply of goods and services.
- 1.2 This document sets out best practice guidelines for the sale of goods and services by Newquay Town Council, which includes Newquay Information Centre and the Library. These have been drawn up in consultation with the Council's Internal Auditor and should be read in conjunction with the Council's Financial Regulations.

2.0 Charging for Goods and Services

- 2.1 All goods and services should only be provided on receipt of an official purchase order or completed booking form from the customer.

All orders and bookings should be acknowledged/confirmed in writing/email and should include a reference to whether the order includes VAT.

- 2.2 If the charge is subject to Value Added Tax (VAT), this must be made clear to the customer prior to acceptance of the goods or services. All VAT charges will be in line with the requirements of the Her Majesty's Revenue and Customs (HMRC).
- 2.3 Before undertaking any additional works or supplying any supplementary goods or services, it is essential to obtain written authority and acceptance of the additional costs involved from the customer.
- 2.4 No members of staff are able to agree to a discount of set fees and charges without Councils approval or delegated authority.

Any discounted rates for charities must provide a valid registered charity number and certificates.
- 2.5 Where the service relates to lease or rental of property, references and credit reference agency checks will be carried out prior to entering into the lease or rental agreement, as requested by the Council.

- 2.6 All payment terms will be 30 days from the date of the invoice unless specifically stated.

Leases and rental agreements payment dates are stipulated within the legal documents.

- 2.7 The Council will review all fees and charges at least annually and will consider them as part of the budget setting process.

All Council staff will be notified of any changes in charges and customers will be made aware where appropriate in a timely manner. These charges are available on the Councils website www.newquay.gov.uk.

3.0 Raising Invoices

- 3.1 All invoices will be created and processed within the Councils accounting system. There should be no manual invoices.
- 3.1 All sales invoices will be raised as soon as practicable following completion of the service or supply of goods. They must be raised within 30 days of the supply of the goods or services.
- 3.2 Unless stipulated otherwise, invoices for leases and rental agreements will be raised in advance.
- 3.3 All invoices should be checked for accuracy, as this will reduce the number of credit notes that the Council will need to issue.
- 3.4 All invoices must contain the necessary information to ensure the customer can pay promptly and that the requirements of HMRC where VAT is charged are met e.g. VAT must be shown separately on the sales invoice.

4.0 Deposits

- 4.1 If payment can be secured before goods or services are supplied, then this should be done. If payment is received in advance, it is not necessary to raise an invoice, unless requested.

If payment has not been received in advance an invoice must be raised so that the debt is accounted for.

- 4.2 Payment will be required in advance for all new customers and for one off supplies of goods and services, such as room bookings and events on Council land.
- 4.3 All sales of goods and services must be identified, and invoices raised accordingly. All service managers must ensure that all income due has been claimed and that appropriate invoices have been raised.

- 4.4 There must be a valid, documented reason for any un-invoiced work or services, and these must be approved by the Council.

5.0 Credit Notes

- 5.1 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 note.
- 5.2 A credit note should only be raised to cancel the 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.
- 5.3 Credit notes must not be raised to cancel any invoice where the invoice is correctly and properly due for payment, due to the customer refusing to pay.

6.0 Debt Recovery

- 6.1 Reminder Letter are emailed wherever possible, by the Finance and Procurement Manager to the debtor, as follows:

Due Date - A statement/reminder is emailed to the customer requesting immediate payment.

14 Days Overdue - The first reminder letter is produced 14 days from the due date. The letter states payment is required within seven days and that any further provision of services or goods may be cancelled until payment is received in full. This may 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.

21 Days Overdue - After a further seven days, a second reminder letter is sent, notifying the customer that, unless payment is made within seven days, the debt will be referred to our collection agents or the Small Claims court without further reference to them which may result in increased costs such as court fees and interest.

28 Days Overdue - If, after this period has elapsed, no payment has been received, the debtor will be notified that the debt has been passed on for recovery action or legal action, normally court action to be commenced immediately.

- 6.2 It is recommended that debts of less than £25.00 are not referred for legal action.
- 6.3 At every stage of the collection process, full records must be kept of any discussions or correspondence between the Council and the debtor.
- 6.4 If a dispute or query is raised in respect of the invoice, recovery should be suspended, until the matter is resolved.
- 6.5 Any requests for repayment on an instalment basis should result in full settlement within twelve months.
- 6.6 The Finance and Procurement Manager will provide the Governance and Resources Committee with any outstanding debts on a quarterly basis, including updates on small claims court actions and write offs. Suggested report format as appendix a.

7.0 Collection Methods

- 7.1 The Council endeavour to pursue all debts in line with the following:
- 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, except where there is a legitimate reason, such as passing to a professional debt collection agency or court claim and only for the reason of collecting the outstanding debt.
 - The Council will not use improper means to obtain the telephone number or address of the debtor.
 - The Council will not pressure debtors to sell property or raise funds by further borrowing.

8.0 Write Offs

- 8.1 A debt should only be written off when it is a valid debt and we are unable to secure payment.

8.2 If a debt is to be written off it must be approved by Council if over a certain value (£100.00 net of VAT). Unless in the following circumstances:

- The debt is owed by a person or company subject to bankruptcy or insolvency proceedings, with no chance of receiving payment.
- The debtor is deceased, and the estate has insufficient sums to settle the debt.
- Where the debtor is suffering from severe illness which makes enforcement inappropriate.
- It is not cost effective to pursue the debt, or
- The debtor cannot be traced.

8.3 All write offs should be supported by the relevant documentation/information as to the reason for write off. The recovery of VAT must be accounted for appropriately and in line with the HMRC requirements.

9.0 Overpayments

9.1 When a payment in excess of the invoice value is received, the balance should be refunded to the customer. Unless it can be used against another outstanding invoice.

10.0 Review and Amendment of Regulations

10.1 This document will be reviewed annually at the first Governance and Resources Committee meeting following May each year, to ensure it complies with updated regulations.

10.2 The Council reserves the right to make variations to this document at any time, subject to the approval of the full Council. Any variations will be made available to the public.

11.0 Alternative Formats

11.1 Equality Act 2010 – copies of this document in large print (A3 Format) or larger font size can be made available for those with sight impairment on request from the Council Office or by telephoning 01637 878388 or e-mailing the Town Clerk's Office (office@newquay.town).

12.0 Freedom of Information

12.1 In accordance with the Freedom of Information Act 2000, this Document will be posted on the Council's Website www.newquay.gov.uk.

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Appendix a)

Governance and Resources Committee

Item No:

Report on Customers Balances and Debts as at

Outstanding Debts as at (end of Quarter)			
Customer Account No	Customer Name	Total Outstanding Debt	Comments/Action Required

Court Claim Information			
Customer Account No	Customer Name	Total Outstanding Debt	Comments/Action Required

Bad Debt / Write Offs			
Customer Account No	Customer Name	Total Outstanding Debt	Comments/Action Required

Please note that in line with the Credit Management Code of Conduct that the Finance and Procurement Manager is authorised to write of debts in accordance with Section 8.2.