

## **Section 1 – Risk**

### **To identify Revenue sources for Council which may be subject to bad debt**

- Village Hall hirings
- Sale of advertising in Village Newsletter
- Cemetery bookings
- Allotment rentals

#### **Village Hall Hirings**

Village hall hirings are split into two categories – long-term, regular hirings and spot-hirings which are parties etc. Spot hirings are paid for in advance together with a security deposit so risk is minimal apart from possibility of returned cheque, however if banked in advance of hiring this should then be a minimal risk. Spot hirings are very infrequent – approximately only 15 or less a year.

Long term/regular hirings are invoiced at the end of each month and payment is usually then returned by cheque, although electronic payment direct into PC's bank account is also used. Therefore risk identified with non-settlement of monthly invoice.

#### **Newsletter Advertising**

The Newsletter Committee 'sell' the advertising and has responsibility for this. Some are paid in advance but most are invoiced per edition with a list supplied to the Clerk by the Committee. Committee seeks authorisation from the advertiser to verify the wish to take the advert at the rates agreed. Rates agreed each year as part of budget process and adhered to by the Committee. Credit control measures in place and Committee are notified if an account is on 'stop' due to non payment of invoice.

#### **Cemetery and Allotments**

Strict paperwork system in place for cemetery bookings and payments usually made immediately. Grave purchases made only through payment in advance as are memorial applications. Funeral bookings come in majority through funeral directors, any individuals are charged in advance.

Allotment rentals are collected each year and supervised by Council members.

#### **Risks identified as subject to possible bad debt**

Long-term/regular village hall hirings via monthly invoicing.

Newsletter advertising

## **Section 2 – Action**

### **To formulate a policy for the Council which covers debt recovery**

#### **Current course of action for outstanding payments**

Hirer is sent monthly invoice and is given 30 days to settle the account. If payment has not been forthcoming when next monthly invoice is sent out, a polite reminder statement is written on the next invoice/e.mail to remind them the previous month's is overdue.

Reasons for delay may be query on dates used etc. and these are usually sorted out quickly and payment then made and invoice re-issued/amended.

If payment was not forthcoming after two months and hirer was unresponsive to requests, then Clerk would usually alert Chairman and then whole Council at next available meeting to ask for action agreed by Council. This would usually be to recommend to the Clerk that a letter be sent advising that the hiring will be terminated/account placed on stop if payment not made within 14 days.

Further to the above, if payment was still outstanding, the Clerk would then recommend terminating hiring/advertising and Council would be recommended to pursue any outstanding debt through a small claims court should the amount be suitable.

There is a scale of fees for the small claims procedure, which is done online. Scale of fees is sliding scale on amount of debt.

Recommend that adopted policy be that Clerk alerts to bad debt, if over £75 it be pursued if financially viable, if below then Council would decide to write off debt and exclude debtor from having further/future account.

Note that all regular, long-term hirers of the Hall are sent an initial contract when they first commence their regular hiring, setting out that invoicing will be monthly (if this has been agreed) and that payments must be made promptly.

#### **Recommended course of action for outstanding payments**

- To continue with advance payments for spot-hirings at village hall
- To continue with confirmation/signed paperwork from all advertisers in Newsletter prior to running the advert
- To ensure that all long-term/regular hirers have a contract specifying terms and conditions of use, including those covering payment
- To formally adopt a 30 day payment term for monthly invoices for regular/long-term hall hirers
- To formally adopt a policy of issuing an 'overdue' statement after 30 days as a reminder for overdue payments, giving a 14 day period to settle the account and advising of the next step of the small claims court
- To formally adopt a policy where a debt still outstanding subject to the conditions above, and which is over £75, is automatically then sent to the Small Claims Court for collection.