



 Income Collection External Terms of Service

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**Definitions**

The Council in the context of this document means Worcestershire County Council AND Worcestershire Children First

## **Introduction**

* 1. Worcestershire County Council (“the Council”) has a legal and fiscal duty to all residents, and to businesses and other organisations that are active in the County, to ensure the prompt and cost-effective billing, collection, and recovery of all sums due to the Council. The effective management and collection of debt is an essential contributor to the Council’s financial resources and an integral part of the wider resourcing of service provision. It is essential therefore, that all monies due to the Authority are collected promptly and debt is kept to a minimum. Delays in collection or non-recovery of debts can lead to higher administrative costs, increased borrowing requirement and reduced resources available for the provision of essential services.
	2. The Council has a duty to recover all debts and in doing so, ensure its collection processes are efficient, consistent, and fair but also firm and effective in the collection of monies owing. Consequently, these Terms of Service are designed to set out the Council’s approach to income collection and the recovery of debt.

## **Good Practice in Income Collection**

* 1. The Council aspires to achieve good practice in income collection. Good practice is achieving the best possible cash flow for the Council whilst ensuring the liability to pay is calculated correctly, enforcement action is reasonable, and those who are vulnerable are assisted in meeting their financial obligations to the Council. To optimise income collection and minimise debt the Council will follow the principles below: -
* Where possible and appropriate, the Council will request and secure payment from the customer in advance of or at the time of the provision of goods or services, without recourse to raising an invoice or extending credit.
* Where an invoice is required, the customer will be made fully aware of the Council’s payment terms and recovery process, including any potential legal action in the event of non-payment. The customer must agree in writing to these terms prior to the invoice being raised. Failure to agree to these terms may lead to a request for payment at the time of goods/service provision and credit will not be extended in these cases.
* The Council will issue requests for payment accurately and promptly. Where possible, the Council will strive to raise an invoice within 10 working days of goods or service provision.
* The Council will aim to provide clear invoices and recovery notices, which describe the goods/services provided, show clearly what to pay, when to pay it and how to pay.
* The Council will respond quickly to notifications of changes in circumstances and applications for exemptions, discounts, and reliefs.
* Where the customer fails to pay any sums due as per the Council’s payment terms, the Council will immediately commence action to recover unpaid amounts to avoid the build-up of arrears and debt.
* Where build-up of arrears/debt occurs, the Council may, where appropriate, review, pause or permanently cease the ongoing provision of goods/services to the customer. If the Council intends to take such action it will notify the Customer appropriately.
* The Council will make it as easy as possible for its customers and service users to pay bills by offering a wide choice of convenient payment options. It is acknowledged that the easier it is to make a payment, the more likely it is that payment will be made promptly. Therefore, a choice of convenient methods will be offered for the payment of bills and invoices and details of these options will be provided along with any requests for payment.
* The Council will ensure debt recovery related documents are clear and set out the recovery procedures, consequences of not paying and the options available to the Council to recover unpaid debts.
* Make it easy to contact the Council by telephone, by e-mail or in writing,
* Council Service Departments will respond to all invoice and billing queries promptly and courteously.
* Be proactive in identifying vulnerable persons and in providing them with advice to assist them in meeting their financial obligations to the Council, wherever possible using the least draconian method of recovering a debt (subject to the method realising payment in a suitable timeframe).
* The Council will instigate legal proceedings where sums due are not paid. The full cost of enforcement action will be recovered from the debtor.

## **Payment Terms and Conditions**

* 1. The Council’s invoice payment terms must be adhered to and therefore customers are required to settle as per the terms provided regardless of any ‘accepted practices’ of industries concerned.
	2. All payments will be made up front where possible or on receipt of goods and services otherwise **invoice payment terms will be 30 days from date of invoice.**
	3. Where a recurring billing arrangement is in place, for example, for Home to School Transport and/or Adult Social Care services, payment will be collected by way of Direct Debit unless otherwise agreed.
	4. Where goods and services are provided on an annual basis, the Council will auto renew unless cancelled prior to the renewal date. Note: cancellation terms will be determined by the relevant Service.
	5. It is imperative that the Council can collect income due to it. This helps the Council to pay for the services it delivers, therefore, non-payment and poor debt management may have an adverse impact on services the Council provides. However, when customers find themselves in financial difficulty and are unable to pay their invoice, the Council’s approach will be equitable, fair, consistent, and transparent.
	6. Where a customer finds themselves in financial difficulty, the Council will undertake a careful and considered review of the customers circumstances, with a view to, where wholly necessary, providing the customer with additional time to pay their debts. To facilitate payment arrangements outside of the Council’s standard payment terms, customers will be asked to provide personal financial information and cooperate with the Council in the review process. Arrangements will be periodically reviewed to ensure debts are cleared as quickly as possible and action taken if a payment agreement fails.

## **Payment Methods Accepted by Worcestershire County Council**

* 1. The Council recognises the need to make it as easy as possible for its customers to make a payment. To reduce the cost to the Council and therefore, local taxpayers, the most cost-effective methods of payment will be encouraged. For all recurring bills, such as Adult Social Care services and Home to School Transport, the default accepted method of payment is **Direct Debit**. This is by far, the most economical and convenient collection method available for both the Council and its customers. Direct Debit payments are reliable, easy to set up and cancel and are backed by a refund guarantee. Direct Debit payment agreements can be set up safely and securely over the telephone, online and in some circumstances, in person.
	2. The Council also accepts payments:
* by BACS/Online Banking.
* via its Automated Telephone Payment line which is available 24 hours a day.
* securely online at [www.worcestershire.gov.uk](http://www.worcestershire.gov.uk);
* by way of telephone by calling the Income Team on 01905 844543, who can process payments by card over the telephone.

All customers of the Council must ensure that payments are made to the Council with complete and accurate payment information. Payments received with incomplete, inaccurate or no payment information may result in reminders or debt recovery action letters being issued.

* 1. The Council will consistently review and where necessary, develop payment systems that are efficient, flexible, easy to use and convenient.

## **Responsibilities of Debtors**

* 1. The Council expects any person or organisation that owes a sum of money to the Council, or has a liability to pay, to comply with all legal obligations in respect of the liability or potential liability. The Council’s commitments to a fair debt collection process are set out in these terms of service and it is the Council’s expectations that those owing sums to the Council will contribute to this process by abiding with the following principles: -
* Pay amounts due promptly to ensure receipt by the Council on or before the date that payment is due (where the charge is invoiced this is no later than 30 Days from date of Invoice).
* Follow instructions provided regarding the making of payments to ensure payments are credited correctly against the amount due.
* Provide a Purchase Order (where applicable) to the relevant Council Department on request to support the invoicing and payment process.
* Inform the Council promptly if an invoice description is inaccurate.
* Inform the Council promptly of any changes to their circumstances that may affect the amount to be paid or the ability to pay.
* Notify the Council promptly if their address changes.
* Contact the Council promptly if it is believed the amount charged is not correct. both where the amount may be too much or too little,
* Contact the Council promptly if they are unable to pay an amount that is due.
* Respect the Council, its employees and its agents and respond to them courteously, politely and respectfully.
* Be frank and honest when providing information in connection with the billing, collection, or recovery of sums due to the Council.

## **Legal Costs and Interest Charges**

* 1. The Council has a statutory entitlement to interest and compensation for debt recovery costs under the Late Payment of Commercial Debts (Interest) Act 1998, in cases where the Council has supplied goods and services, its payment terms have not been adhered too and there is no express provision for interest within the Terms and Conditions of Business. Such entitlement to interest and compensation does not apply to individual debts including, Adult Social Care debts or Consumer Credit Agreements.
	2. Where it is determined that the Late Payment of Commercial Debts (Interest Act) 1998 applies, the Council will be entitled to charge: -
* Interest at a rate of 8% above the Bank of England base rate.
* Compensation at a rate of £40 - £100 depending on the size of the debt; and
* Its reasonable costs to the extent not covered by the compensation, to include solicitors’ fees and costs associated in pursuing the debt e.g., tracing fees.
	1. The Council has a statutory entitlement to claim interest, fees, and costs for individual debts i.e., social care contributions, where County Court proceedings are issued in order to recover sums due. In accordance with section 69 of the County Courts Act 1984
* Interest will be charged at a rate of 8% from the date on which the debt fell due up to and including the issue of the claim.
* The Council’s reasonable costs in seeking to recover the debt, to include court fees and solicitors’ costs will also be recovered in accordance with the applicable Civil Procedure Rules.
	1. Where it is determined that interest charges should be applied, the charge will be levied on the Council’s behalf by Legal Services.
	2. **Offset Arrangements and Further Service Provision**
	3. In certain circumstances individuals or organisations may be both a customer of the Council and a supplier to the Council. Where such individuals or organisations default on payments to the Council, the Council reserves the right to offset the debt against any payments due under the supplier contract. The Council also reserves the right in such instances to review the supplier contract and take a view as to its continuation.
	4. The Council may also approach and work with other Government Departments and/or Local Government Agencies (under the Crown as a single entity arrangement) in order to recover any sums due from any funds held by such wider government organisations.
	5. As a public body the Council is required from time to time to publish information about how we manage public monies and that may include debtor lists.
	6. **Social Care Debt**
	7. The Care Act 2014 presents a modern legal framework for the recovery of debt that may have accrued as a result of the Council meeting a person’s eligible care and support needs. The Care Act also provides the Council with the power to recover charges from a third party where a person has transferred assets to them to avoid paying for care and support.
	8. The Councill will issue invoices monthly for all assessed social care charges. Invoices are payable within the Council’s standard terms namely, 30 Days from date of issue. The Council’s default method for the collection of assessed social care charges is Direct Debit and consequently the Council will actively encourage all service users and/or their financial representatives to sign up to this safe, secure, and convenient method of payment.
	9. The recovery of debt from those who are receiving care and support (or their financial representative) is a sensitive issue given the potentially vulnerable nature of the individuals and the Council’s ultimate responsibility to meet needs. Given this, the Council will apply the following principles when attempting to recover social care debts:
* The Council will act reasonably.
* Debts must be discussed with the client or their financial representative via the most appropriate communication channel (for the client).
* Any arrangements for the repayment of debts should be agreed with the relevant parties.
* Court action to only be considered when all other reasonable options have been exhausted.
	1. The Council will always seek to establish who has legal authority to make financial decisions on behalf of the individual and will engage with that person regarding any debt outstanding.
	2. Where invoices remain unpaid, following the initial stages of recovery, the account will be considered for referral to Legal Services.
	3. Where a debt may have accrued because of diminishing or a lack of mental capacity and the person has an appointed financial representative for property and financial affairs, the Council will discuss all debt recovery options with the financial representative.
	4. Where a person lacking mental capacity has no appointed financial representative and has social care related debt, an application for a deputy is required. The application must be made to the Court of Protection. Family members may make an application to become deputy however, where no family is involved, the Council may apply to become deputy. The Council will always consider any risk of conflict or, interest where it applies to take on property and financial affairs deputyship and where appropriate request the appointment of a panel deputy.
	5. Where debt has accrued (for non-residential services) and a person is eligible to be offered a Deferred Payment Agreement for residential care, the Council will seek to secure the debt by this process. Where a person refuses the option of a Deferred Payment Agreement or does not meet the eligibility criteria, the Council’s Legal Team may seek to secure the debt via an application to the County Court.

**Key Contacts**

Debtadmin@worcestershire.gov.uk

wccaccountsreceivable@worcestershire.gov.uk

**Useful Links**

[Care Act 2014 (legislation.gov.uk)](https://www.legislation.gov.uk/ukpga/2014/23/contents/enacted)

[Paying for care and support | Worcestershire County Council](https://www.worcestershire.gov.uk/paying-care-and-support)