



**Scottish Social
Services Council**

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Debt Management Policy

1. Introduction

- 1.1 The Scottish Social Services Council (the SSSC) is required to collect and record income from four main sources. The collection of Registration fee income is detailed in a separate Registration Fee Income and Debt Management Policy. This Debt Management Policy is essential to ensure that income due to the SSSC is efficiently and promptly collected. This policy is supported by detailed procedural notes.

2. Policy Aims

- 2.1 The aims of the Debt Management Policy are:

- To minimise the occurrence and monetary value of bad debt
- To ensure all outstanding debt is rigorously pursued
- To ensure debt collection is efficient, effective and coordinated
- To ensure a consistent approach is taken with all debt
- To ensure the SSSCs debt collection procedures are perceived as serious, efficient and consistently applied.

3. Income Sources

- Grant in Aid
- Additional Government Income
- Specific Grant income
- Registration Fees (see separate Registration Fee Income & Debt Management Policy)
- Other Income e.g. Fees, Bursary and Grant Repayments, VSDF

Each type of income is collected differently and therefore the debt management policy reflects this.

3.1 Grant in Aid

- 3.1.1 Grant in Aid is awarded by Scottish Ministers and administered through the Office of the Chief Social Work Adviser of the Children and Families Directorate of the Scottish Government. Requests for drawing down Grant in Aid require to be documented as laid out in the Executive Framework. A written request for the drawdown of funds is submitted to the sponsorship team when income is required. The Grant in Aid is received into the SSSC's bank account within eight working days.

3.1.2 *There are no debt management issues associated with this income stream.*

3.2 Additional Government Income

3.2.1 Additional income can be awarded by Scottish Ministers and administered through the Office of the Chief Social Work Adviser of the Children and Families Directorate of the Scottish Government. This income tends to be for ad hoc, one-off or short-term pieces of work. A letter from the Scottish Government sets out the amount of funds available and specifies its purpose. The letter also sets out the method by which the funds are claimed, usually by invoice. Once the invoice is received by the sponsorship team the funds are paid directly into the SSSC's bank account within the invoice terms of 30 days.

3.2.2 *There are no debt management issues associated with this income stream.*

3.3 Specific Grant Income

3.3.1 Specific grants are secured from various grant awarding bodies, sometimes operating on a multi-agency basis. This income tends to be for ad hoc, one-off or short-term pieces of work. A grant agreement from the grant awarding body sets out the amount of funds available and specifies its purpose. The agreement also sets out the method by which the funds are claimed, usually by invoice. Once the invoice is received the funds are paid directly into the SSSC's bank account within the invoice terms of 30 days.

3.3.2 *There are no debt management issues associated with this income stream.*

4. OTHER INCOME

4.1 Grants and bursaries

Grants and bursaries are sometimes required to be repaid because a provisional payment has had to be made. For example, where the applicant could not provide the required information in time and the amount due has subsequently been revised downwards, or because a student has withdrawn from the course. The following procedure should be followed:

- i. An invoice should be issued to the student as soon as the necessity for repayment is identified. This should detail the amount outstanding and inform them that the full amount is due within the 30 day payment terms.
- ii. Students will be given an opportunity to pay the debt in instalments to avoid undue financial hardship. Terms will be agreed with students according to individual circumstances and the size of the debt.
- iii. Direct debit will be promoted as the preferred payment method for instalments. The use of standing orders would also be acceptable.
- iv. If payment is not received, the SSSC Debt Collection Procedures detailed in section 5 should be followed for grants and bursaries.

Further payments, where applicable, will not be made to any student until any outstanding debt has been repaid.

4.2 **Voluntary Sector Development Fund (VSDF)** 4.2.1 VSDF

funding is paid to voluntary sector employers to provide training in order to meet the SSSC's registration requirements. The funding is provided for specific candidates, for a specific period under the VSDF guidelines. If the funding is not used in accordance with the guidelines it will be required to be repaid.

- 4.2.2 Invoices should be raised for all VSDF funding required to be repaid. They will be given 30 day terms. If payment is not received, the SSSC debt collection procedures detailed in section 5 should be followed.

4.3 **Modern Apprenticeships**

Invoices are issued to Modern Apprenticeship approved training centres for registration and certification fees each month. These invoices tend to be of low value. Invoices are given 30 day payment terms.

- 4.3.1 If payment is not received, the SSSC Debt Collection Procedures detailed in section 5 should be followed for Modern Apprenticeships.

4.4 **Other Income**

- 4.4.1 The SSSC Debt Collection Procedures detailed in section 5 should be followed for any other income.

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5. SSSC Debt Collection Procedures

- 5.1 Where an invoice has been issued and payment has been received it is essential that this receipt is promptly and accurately recorded to avoid customers being contacted in relation to debt they have already settled.
- 5.2 Where an invoice has been issued, payment has not been received and there are no queries or issues preventing debt collection (i.e. the debt is clean) the following process is initiated:
- i. Reminder letters are generated by the Oracle Financial System at 30, 44 and 58 day intervals, each letter being more strongly worded than the previous one.
 - ii. The 58 day letter will be followed by a telephone call to the debtor to ensure that it is received and understood and to obtain an assurance that it will be dealt with timeously. An accurate record of this telephone call and all other communications with the debtor must be maintained.
 - iii. Legal action will be considered if payment is not received within 14 days of the telephone call. Debts of £300 or less will be pursued by the Finance Transactions Team and debts greater than £300 will be referred to external solicitors for court action.
 - iv. Where there has been a query or an issue with collection of the invoice and it has been resolved the Transactions team will amend the invoice due date to correspond with the relevant stage of the debt collection process to ensure that debtors are given appropriate time to pay without detriment in line with this policy.
 - v. Outstanding debt that is classified as being irrecoverable will be written off as a bad debt. A debt would be considered 'bad' where it has been properly raised and is not in dispute yet the expectation is that it will not be paid. There are a number of potential reasons for writing off a debt including:
 - Insolvency or financial difficulty
 - Debtor is untraceable or gone away
 - Recovery is uneconomic.
 - vi. Authority to write off bad debts should be obtained in writing from the Director of Corporate Services for debts of £10,000 or less and from the sponsor team for debts in excess that value.

A report will be submitted to the next scheduled Finance and Resources Committee detailing all write-offs.

- 5.3 The Finance Transactions Team will target specific groups of debtors with the most appropriate collection activity e.g. text reminders to students who owe bursary debts.
- 5.4 The Transactions Manager will review the debt management procedures regularly to ensure that the collection of debt is maximised.
- 5.5 At the end of each financial year outstanding debt is reviewed for impairment. The debt figure detailed in the Annual Report and Accounts is adjusted for any impairment value. An impairment review identifies debt where it is likely that debt will not be collected. The impairment value is an accounting estimate and differs from a decision to write off debt as debt, although considered impaired, is still actively pursued and may subsequently be recovered. When a debt is written off then there is no further attempt to pursue this debt and recovery becomes very unlikely.
- 5.6 A debt is written off where an invoice has been properly raised but it has been decided that there is no reasonable expectation that the debt will be recovered. Once written off the debt is no longer pursued and the write off is a cost to the SSSC.
- 5.7 The Director of Corporate Services has delegated power to write-off individual debt to the value of £10,000. Sponsor Department approval is required prior to writing off debt that exceeds that value.

6. MEASURES TO ENCOURAGE PROMPT PAYMENT

- 6.1 The likelihood of prompt payment is increased where payment methods for settling the debt are made as convenient as possible.

The following payment methods are currently available:

- Cash - in person at Compass House
- Cheque - made payable to Scottish Social Services Council
- BACS - Details are provided on the reverse of each invoice & reminder to enable bank transfers
- Direct Debit - customer downloads the direct debit form from the SSSC website or requests a Direct Debit Instruction from the Finance Transactions Team

- Credit/Debit Card - customer can pay over the telephone or online
- 6.2 It is part of the debt management policy to ensure other forms of payment methods are investigated and introduced where appropriate to maximise the potential to recover the debt.
- 6.3 It is essential that customers are aware of the credit terms and therefore the payment terms are included on all invoices sent to customers.
- 6.4 Funds are due on or before 30 days after the invoice date.

7. Assignment of Responsibilities

7.1 Finance Staff - General

- Checking of system generated invoices prior to issue to customers
- Dealing with invoice enquiries and disputes
- Prompt and accurate recording of income received
- Prompt and accurate reconciliation of income received
- Sending reminder letters at 30,44 and 58 day intervals
- Making follow up telephone calls & recording the details of each call
- Maintaining a detailed record of all communication with the debtor
- Preparation of billing reports to the Resources Committee detailing debts that are being written off
- Communication with other parts of the SSSC where relevant.

8. Reporting Arrangements

- 8.1 An income collection performance report will be submitted to each meeting of the Resources Committee containing details of the overall debt and income received with previous years' comparison figures. The report will include details of any debt management issues.

9. Review of policy

- 9.1 This policy is to be reviewed at least annually.