Income Collection and Debt Recovery Policy (Service User charges)

<table>
<thead>
<tr>
<th>Version</th>
<th>V1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of responsible Department</td>
<td>Quality</td>
</tr>
<tr>
<td>Date ratified</td>
<td>March 2015</td>
</tr>
<tr>
<td>Date Ratified by JCC</td>
<td>March 2015</td>
</tr>
<tr>
<td>Document Manager (job title)</td>
<td>Senior Manager: Quality and Development</td>
</tr>
<tr>
<td>Date issued</td>
<td>10.03.15</td>
</tr>
<tr>
<td>Review date</td>
<td>March 2018</td>
</tr>
<tr>
<td>Electronic location</td>
<td>H:\Policies and Procedures\Policies</td>
</tr>
<tr>
<td>Related Procedural Documents</td>
<td></td>
</tr>
</tbody>
</table>
## Income Collection and Debt Recovery Policy

### Version Control

<table>
<thead>
<tr>
<th>Date</th>
<th>Section</th>
<th>Comments</th>
<th>Approved by</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.03.15</td>
<td>All</td>
<td>New policy</td>
<td>SMT</td>
</tr>
</tbody>
</table>

---

**The Action Group**

---

H:\Policies and Procedures\Policies\Income Collection and Debt Recovery Policy

Page 2 of 12
## Contents

1. Policy Statement .................................................................................................................. 4  
2. Guiding principles ................................................................................................................ 4  
3. Payment for services .............................................................................................................. 5  
4. Debt recovery ......................................................................................................................... 7  
   Stage One debt ......................................................................................................................... 7  
   Stage Two Debt ......................................................................................................................... 7  
   Stage Three Debt ....................................................................................................................... 8  
   Unresolved Debt – Final Action ............................................................................................... 9  

Appendix One .................................................................................................................................. 11
1. Policy Statement

1.1 This policy underpins the process for collecting income and recovering debt from service users / their representatives who pay all or part of their support costs directly to The Action Group. This includes:

- individuals who purchase our services through self directed support (Direct Payments and Individual Service Funds);
- people who purchase our services independently through their own income, trust funds or other means, such as Independent Living Fund (ILF);
- and also those individuals who have been assessed by the social work department as needing to pay a contribution towards the cost of their service.

The policy does not relate to monies owed to The Action Group by any agency or organisation, such as social work departments, where they purchase services, or housing associations, or any other corporate entity which may from time to time owe The Action Group payment for goods or services. The specific person-centred and specialist nature of our approach to individuals is what governs the following standards and requires a specific approach, especially regarding responsibilities of support teams and managers. All ‘corporate’ debt owed by councils or others will be dealt with directly by the finance team, in line with their best practice standards and collection processes, although any potential impact on services must be notified to managers and it may be necessary to contact managers for specific information relating to circumstances / contracts / delivery. Managers of services may be able to assist finance colleagues in this area if requested.

1.2 The policy allows for The Action Group to maintain its duty of care toward service users whilst undertaking to collect income and recover debts in order to maximise effective business operations.

2. Guiding principles

2.1 The Action Group is committed to the principles of personalisation and believes that people should be supported to have maximum control over their own services. This includes being able to exercise financial control by paying for services directly themselves. We are committed to finding approaches that support people to gain this control through direct support, as well as effective systems and processes. We will seek to offer maximum choice, flexibility and sensitivity to individual circumstances.

2.2 The Action Group is also committed to the principles of sound financial and risk management as an organisation. This means we will seek to make sure all income for services is collected in a timely fashion and any debts are pursued by all reasonable means.

To achieve this we will:

- Encourage individual purchasers to tell The Action Group about the amount and any personal contributions (charges) they have been assessed to make, enabling us to support them with budgeting if required.
- Encourage all individual purchasers to pay promptly and regularly and thereby discourage non-payment.
- Encourage all individual purchasers to tell The Action Group as soon as they realise they may have a problem in paying on time.
- Ensure that all departments work closely together and share relevant information, identifying problems as early as possible, with a view to maximising collection levels.
The Action Group

- Involve other agencies and individuals where this is helpful for the user (carers; advocates; social workers; local authority partners and other voluntary organisations that can assist with debt/money advice).

- Where appropriate, provide information, advice and assistance to debtors on money advice and welfare benefits advice helping to maximise income and reduce the debt.

- Treat all debtors as individuals and consider wherever possible personal and financial circumstances when taking action for recovery.

- Attempt to reach mutually acceptable payment arrangements at all stages of recovery recognising that where this cannot be achieved recovery action will be progressed using all available and appropriate legal powers.

3. Payment for services

3.1 People who use Action Group services and/or their family or other representatives, may purchase all or some of their service directly. They may do this because they access self directed support, or because they have independent means, such as a trust fund, to buy our services. In many cases, individuals are assessed as having to contribute towards the costs of their support or rent via the local council’s charging policy.

3.2 Currently the types of things an individual might need to pay The Action Group for include:
- Direct support (usually calculated in hours or sleepovers)
- Rent costs
- Staff expenses (usually mileage, but sometimes other expenses)
- One off costs, such as supported holiday costs (eg cost of hotel, food etc)
- Others*

(*As Self Directed Support practice develops, there may be other items that could be bought through this income in the future.)

3.3 Where an individual is buying services directly from The Action Group we will agree a written contract with them and/or their representative in advance of the service starting.

3.4 Capacity / consent

Where someone is in receipt of direct payments, they have been assessed as capable of managing this by the social work department. This means that Action Group staff do not have the right to access information regarding bills and payment without the person’s consent. However, wherever possible, we will encourage people to share information with us so that we can support them effectively to pay their bills on time. This will be discussed both when agreeing the contract and in the individual’s Personal Plan and Money Management Plan, and reviewed in line with these documents.

Best practice would always be to encourage the involvement of a third party when agreeing and reviewing the contract, such as a relative, social worker or advocate. We will try to do so wherever possible, with the individual’s agreement.

Where an individual has been assessed under the Adults with Incapacity (Scotland) Act as having limited capacity in managing their own affairs, another individual or agency may be involved in helping manage their direct payment and/or purchasing services with or for them. In these cases, the third party will always be fully involved in all discussions regarding contracting, payment and any overdue amounts. The third party will also be either sole or a co-signatory on the contract and as such will receive copies of all invoices, statements and other correspondence relating to support costs incurred.
The Action Group

Some individuals may ask for or require Action Group support to pay their bills or manage their account. Where the individual is not assessed as legally ‘incapax’ then this is acceptable practice, but should be detailed both in the contract and in the Personal Plan / Money Management Plan. All such involvement must be transparent, regularly reviewed, and in accordance with Action Group policies and the SSSC code of practice.

Any concerns or changes regarding an individual’s capacity to manage their payments, must be notified to a development manager as soon as practically possible. A decision may then be made to review the contract and / or involve social work or others as appropriate. This notification may come, for example, from support workers, family members, or finance team members who become aware that payments have been regularly missed.

3.5 The Action Group will seek to ensure that individual purchasing of services is as straightforward as possible. This includes the following:

3.5.1 We will always meet face to face with people to explain our contracts and payment arrangements. These meetings will usually be done by managers from the service the individual receives. In situations where a funding package or arrangement for support is particularly complex or involves unique / special arrangements, service managers may also choose to involve finance team colleagues to assist in these meetings. These meetings will be conducted in a person-centred way, at a time and location that best suits the individual, with information provided in an accessible format.

3.5.2 We will make all our communication accessible. This includes using ‘plain English’ in all the information we provide for service users / their representatives and doing our best to explain financial information in a way that people can understand. We will produce key documents in ‘Easy read’ as well for those who want this and we will access translation services and produce audio versions as required on an individual basis.

3.5.3 Our contract and other finance procedures will be easy to understand and will also allow for flexibility and maximum choice around the individual’s needs and wishes.

3.5.4 We will offer people a range of payment options. At present this includes use of The Edinburgh Card, cash, cheque payments, telephone and internet banking, and standing orders. We may consider other means of payment if demand is sufficient.

3.5.5 We will offer people choice around how they wish to receive their invoices and any statements or other correspondence. At present this includes by post, delivery via support staff, or by email. We may consider other means of communication if demand is sufficient.

3.6 Delivery of services will be tracked using our Carista software programme. This will generate information for each billing period about the service received by each individual. The service management team are responsible for making sure that the information entered into Carista is accurate and up to date. The finance team are then responsible for accessing this information and using it to produce and send out an invoice for each individual.

3.7 Invoices are sent within two weeks following each four-weekly delivery period of the service. The finance team notify service managers annually of billing cycles for the year so that support staff can offer assistance / prompts if appropriate to individuals to pay their bill.

3.8 The finance team are responsible for recording when payment is received.
4. Debt recovery

4.1 An invoice becomes unpaid if no monies have been received by The Action Group 14 days after the date of the invoice.

4.2 The finance team are responsible for identifying any unpaid invoices and initiating appropriate action as follows. This process may be ‘escalated’ if the amount of any individual debt is deemed to be substantial risk to the organisation or if the individual service user is known to not have means to repay or is refusing to engage positively with the process. In these cases the decision to escalate to higher stages of the debt recovery process will be made by senior management team and / or audit committee of the board, in line with the risk register ‘exceptions’ process.

**Stage One debt**

For ‘new debtors’ (ie a service user who does not have any current outstanding debts on our accounts)

4.2.1 A ‘stage one letter’ is sent out from the finance team within 6 weeks of the close of the payment period, with a copy of the original invoice.

4.2.2 A copy of this letter is passed to the development manager team via the joint folder on the server H:drive (with an email to prompt that the letter has been lodged there).

4.2.3 Development managers will inform the relevant team manager / team of the late payment and check if there are any particular issues which might explain this (eg ill health, problems with direct payment etc).

4.2.4 In the case of particular circumstances affecting payment, the development manager/or team manager, where this has been delegated, will inform the finance team in writing (via email) of this within two weeks of the letter being lodged in the joint folder H:drive and any action agreed with the service user to pay the bill.

4.2.5 The finance team will monitor any payments received and identify non-payments. Outstanding invoices at this point will progress to stage two.

**Stage Two Debt**

4.2.6 Debtors progress to stage two if payment has not been received within four weeks of a stage one letter being issued and/or if subsequent invoices are not paid on time.

4.2.7 The finance team will notify development managers via email of the names of individuals who require a stage two letter, in advance of the letters being sent.

Development managers will inform the relevant team manager / team of the continued late payment and check if there are any particular issues which might explain this (eg ill health, problems with direct payment etc).

4.2.8 Development managers may agree with finance officers that a stage two letter should not be issued if there are extenuating circumstances for the individual or if a repayment plan has since been agreed. This decision must be noted and kept under 4 weekly review on the debtors spreadsheet. Any changes may lead to a re-commencement of a stage two response.
The Action Group

4.2.9 If there are no extenuating circumstances, the finance team will issue a stage two letter together with a copy of the relevant invoice(s).

4.2.10 In the case of particular circumstances affecting payment, the development manager will inform the finance team in writing (via email) of this within two weeks of the letter being issued and any action agreed with the service user to pay the bill.

4.2.11 All stage two (and above) debtors will also be listed by the finance team on the debtors spreadsheet and this will be updated and copied to development managers every four weeks, together with any agreed actions or changes. Development managers will review this and return to the finance team with any updates, actions or comments noted.

4.2.12 Following a stage two letter, the team manager should arrange a meeting to discuss the debt and agree a repayment plan with the service users / their representatives. This meeting must happen within four weeks of the letter, sooner if possible. Once a repayment plan is agreed, it must be written down and signed by the service user and / or their representative.

This meeting should be conducted in an accessible manner for the service user, as applicable. This means ensuring appropriate support is available to help the individual during the process (may include Action Group staff, other agencies, advocacy etc) and ensuring all information is in an accessible format.

Consideration should be given as to whether the situation needs to be notified to social work / others. No such notification should take place without a development manager’s authorisation. Both the development manager and the finance team must be informed of any repayment agreements in writing at the earliest possible time.

A further consideration at this stage would be whether the service user would benefit from using some of their support time to help resolve the debt / make payments and receive budgeting advice. Whilst this cannot be enforced, it should be offered. Workers should also check whether non-payment of Action Group invoices is symptomatic of wider debt or money management issues in the person’s life, in which case consideration should be given to accessing specialist debt advice.

4.2.13 Feedback from this meeting must be passed to the finance team, in writing / via email, at the first available opportunity. For situations which involve more complex finances (for example significant sums of money, complex repayment plans, multiple funding sources, long term or historical debt issues) the team manager may request assistance at the meeting from a finance colleague.

4.2.14 The finance team will monitor any payments received and identify non-payments. Outstanding invoices at this point will progress to stage three.

4.2.15 Any payments received to The Action Group following a stage two letter / meeting will normally be offset against the oldest debts first. (This includes payments received for ongoing support.) There may be individual circumstances which mean this is not always the case, in which case the decision will be made and logged within the finance department.

Stage Three Debt

4.2.16 Debtors progress to stage three if payment has not been received within four weeks of a stage two meeting, and/or if subsequent invoices are not paid on time.

4.2.17 The finance team will notify development managers by email of the names of individuals who require a stage three response.
4.2.18 If there are no extenuating circumstances, the development manager will agree with the finance team to send a stage three letter asking the service user and / or their representative to attend a formal debt management meeting. This meeting will usually be held in an Action Group office location.

Although this meeting is a formal meeting, it will be conducted in an accessible manner for the service user, as applicable. This means ensuring appropriate support is available to help the individual during the process (may include Action Group staff, other agencies, advocacy etc) and ensuring all information is in an accessible format.

4.2.19 This meeting must include the service user and / or their representative and a development manager or senior manager.

4.2.20 The social work department must be notified of all stage three debt situations since there is a potential for services to be ended if there is no resolution at stage three. Notification will only be done with the express authorisation of a development manager / senior manager.

4.2.21 For situations which involve more complex finances (for example significant sums of money, complex repayment plans, multiple funding sources, long term or historical debt issues) the development manager may request assistance at the meeting from a finance colleague.

4.2.22 This meeting must be minuted and a repayment plan clearly recorded. The repayment plan must be signed by the individual and / or their representative. Any other actions should be clearly noted, with timescales for completion and clear responsibility allocated.

4.2.23 The minutes, repayment plan and action plan should be copied to the development manager and the finance team. The finance team will update the debtors spreadsheet accordingly.

4.2.24 Actions following this meeting should be monitored regularly by the relevant development manager. The finance team will monitor any payment received and inform the development manager of this.

**Unresolved Debt – Final Action**

4.2.25 The debt becomes unresolved if the agreed stage three repayment plan is not followed by the individual and payments are not made in line with this.

4.2.26 The finance team will notify the development manager for the service, the Senior Manager: Services and the Senior Manager: Finance.

4.2.27 The development manager for the service must discuss the situation with the Senior Manager for Services and / or the Senior Manager for Finance and agree with them an appropriate course of action, which may include:

- A formal meeting to extend or review the stage three repayment plan;
- Cancellation or withdrawal of service (NB ONLY with appropriate notification and discussion with social work and this decision must be authorised by the Senior Manager for Services or in their absence the Chief Executive);
- Legal action or other debt enforcement (NB this decision must be authorised by the Senior Manager for Finance or in their absence the Chief Executive);
- Writing off the debt as unrecoverable (NB this decision must be authorised by the Senior Manager for Finance or in their absence the Chief Executive).

4.2.28 For Final Action debt decisions and action, the attached form must be completed.
The Action Group

4.2.29 Individuals will receive a formal letter from the Senior Manager for Finance or the Senior Manager for Services, notifying them of the agreed outcome. This letter will be copied to their representative and the social work department or named social worker.

4.2.30 Actions and progress at this stage must be monitored weekly by the Senior Manager for Finance and the Senior Manager for Services.
Appendix One

Debt Management Process Flowchart

Payment not received four weeks after payment period closes

Finance team send STAGE ONE letter and make copy available to DM

DM / TM contact service user and inform finance team via email of any special circumstances

Payment received
No Further action
Finance team notify DM by email

Payment not received within four weeks of letter and / or subsequent invoices not paid

STAGE ONE Letter
Wk 10/11

STAGE ONE payment period
Wks 11/13

STAGE TWO Letter
Wk 14

STAGE TWO payment period
Wks 14/16

STAGE TWO Meeting
By wk 18/20

Debt is added to debtors’ spreadsheet

Finance team inform DM by email of intention to send STAGE TWO letter

DM inform finance team by email of any circumstances or agreements already in place and confirm if letter should be sent

Finance team send STAGE TWO letter

TM / DM organises meeting with service user /possible contact social work. Also consider offering additional support with finances.

Actions noted on spreadsheet

Spreadsheet updated four weekly and passed to DMs
STAGE THREE

By wk 26

Repayment plan dictates remaining timescale

STAGE THREE letter

Wk 24

Payment not received within four weeks and / or subsequent invoices not paid

Payment received
No Further action
Finance team notify DM by email

Progress to STAGE THREE

Finance team inform DM by email of need for a STAGE THREE MEETING

DM organises STAGE THREE meeting with service user / their representative. Action plan and repayment plan agreed
Consider involvement of social work and finance team if needed

DM notifies finance team of actions with copy of minutes and repayment plan via email

Actions from meeting noted on debtors spreadsheet

Repayment plan followed

Repayment plan not followed / debt not paid

Progress to FINAL ACTION

Finance team inform DM by email of non-payment

DM agrees Final Action with senior manager and logs on unresolved debt form. Form copied to finance and senior managers

All payments (or non payments) logged on debtors spreadsheet until full debt repaid

FINAL actions logged on debtors spreadsheet and monitored weekly

Debt cleared / Repayment plan followed

Service ended and / or debt pursued legally or written off

Note on debtors spreadsheet

H:\Policies and Procedures\Policies\Income Collection and Debt Recovery Policy
Page 12 of 12