

# **Appendix (i)**

## **Monmouthshire County Council**

### **Debtors Policy for Social Care Debt**

**MONMOUTHSHIRE COUNTY COUNCIL  
DEBTORS POLICY FOR SOCIAL CARE DEBT**

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## **DEBTORS POLICY FOR SOCIAL CARE DEBT**

### **1. INTRODUCTION**

- 1.1 The Head of Finance has responsibility, under Section 151 of The Local Government Act 1972, for the proper administration of the financial affairs of the Council. One such area of administration is that relating to Debtors. This Policy specifically covers the area of Social Care & Health Debtors and is in addition to the Sundry Debtor Policy.
- 1.2 The Policy sets out the way in which the Council intends to collect monies due to it from individuals who receive Residential and Non Residential services under the Social Services and Wellbeing Act 2014, Careline Alarm Services and Community Meals. These services are administered within both the Social Services and Corporate Debtor Systems and encompass the Directorates of Social Care & Health and Regeneration & Culture.
- 1.3 Financial procedural rules covering this area are to be found in the Council's Constitution. Timescales set out in the policy for payment terms, billing and account collection, together with performance reporting, are set out to ensure a consistent approach to debt management is applied across the Council.
- 1.4 This Policy has been developed to help the Council meet its commitment to providing Value for Money. Particularly, it provides a framework for service delivery that recognises debt occurs for a variety of reasons; in some cases there may be a deliberate intention not to pay and in others non-payment may be as a result of an oversight or a change in personal circumstances.
- 1.5 The framework also facilitates the move towards a Performance Management operating model that fully supports the Council's Improvement agenda and which provides a methodology for generating information that can be used to drive continuous improvements and ensure excellence in Customer Services.
- 1.6 The Directorates will use the most effective method of debt recovery, appropriate to each case, in order to maximise income.
- 1.7 The Directorates will keep under constant review advances in technology that may facilitate/improve or reduce the cost of the prompt payment of sums due to the Council.
- 1.8 Equality and related considerations will be taken into account in accordance with the Council's Equalities Policy, current at the time of dealing with each case. Specifically staff seeking to recover debts will ensure information is accessible as appropriate to the needs of the debtor.
- 1.9 This Policy will be supported by, and provides support, to any Policies connected with social and financial inclusion.

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1.10 Application of the Policy will be monitored by the Head of Finance and the Finance Manager for Social Care & Health and will be subject to periodic scrutiny and review.

### **2. DEFINITION OF SOCIAL CARE DEBTS**

2.1 The Council charges and collects income from Clients who receive a range of Social Care services. With the exception of Community Meals and Careline Alarms, these services are defined by the Social Services and Wellbeing Act 2014 as non-residential and residential services which are subject to a means test to determine a client's ability to pay.

2.2 Invoices for these services are generated through both the Social Services and Corporate Debtors Systems depending on the service received.

2.3 The value of invoices raised can range significantly from a few pounds to many thousands of pounds, and therefore, taken together the value of all these debts is considerable.

### **3. OBJECTIVES OF THE POLICY**

3.1 The function and objectives of this Policy are to protect the Council's investment in debtors, ensure a good overall control of debt, maximise cash flow and to provide a cost effective service. This is achieved by:

- Ensuring debtors are made aware of the Council's terms and conditions
- Ensuring debtors, satisfy the Council of their ability to pay by completing a Financial Assessment Form (FAF) – with the exception of Community Meals and Careline Alarms
- Raising invoices in a timely and accurate manner, at present on a 4 weekly cycle
- Ensuring invoices raised are valid and reflect services provided
- Raising invoices only if it is cost effective to do so
- Ensuring customers pay in accordance with the agreed terms
- Maintaining and developing good customer relationships by adopting three principles considered to be best practice in enforcement activity, namely that at all times the Council's actions will be proportional, consistent and transparent
- Taking a similar approach in cases with similar circumstances to achieve similar ends by aiming to achieve consistency in the advice given, use of powers available to the Council and recovery procedures used. Consistency does not mean uniformity and staff must take account of all relevant factors when dealing with individual cases such as the family and social circumstances of the debtor, their payment history, income and ability to pay and health and age
- Securing prompt payment and therefore minimising bad debts
- Protecting a major Council asset - Debtors
- Developing a good professional credit reputation

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- Dealing with and resolving queries promptly
- Offering efficient and flexible payment methods
- Taking prompt and efficient recovery action
- Controlling responsibilities and internal authority levels
- Regular management reporting and performance measurement
- Consistently implementing the Policy
- Adhere to the financial regulations as laid down in the Social Services and Wellbeing Act 2014

3.2 It is inevitable that from time to time the Directorates will be required to pursue recovery from persons experiencing genuine difficulty in making payment. An agreed and transparent policy of how the Council manages and collects debts is considered a key element in ensuring consistency, sensitivity and best practice in such situations. Social Care and Health staff will also refer to the Social Services and Wellbeing Act 2014 for guidance.

3.3 The reasons for any action taken will be explained clearly, without jargon and to *Plain English* standards and will include the appropriate timescales. Such information may be given in writing or verbally and will be published on the Council's website. Braille or translation services will be used when considered necessary.

3.4 The procedures defined in this policy and the documentation illustrated, are designed to achieve these objectives. It is essential that the defined procedures are consistently implemented by all concerned.

### **4. RESPONSIBILITY FOR THE POLICY**

4.1 In broad terms, the relevant responsibilities are as follows:

- **The Cabinet** – setting and approving the policy.
- **The Head of Finance** – advising and providing guidance on setting the policy and ensuring that the policy is implemented and overall management of the policy.
- **The Finance Manager for Social Care & Health/Community Care Accountant** - in respect of debt recovery, the day-to-day administration of the Policy, through the Debt Recovery Team based in the Council's Social Care & Health Finance Unit.
- **The Debt Recovery Officer/Senior Recovery Officer** –Debt recovery, the provision of reports, reconciliations, performance information, and the financial account maintenance of the computerised system.
- **Finance Assistants** - Invoice production.

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- **Legal Services** – legal debt recovery, providing advice and support as necessary.
- **Teams** – applying the policy as defined in this document. This includes the Community Care and Community Meals Teams based within the Social Care & Health Directorate and the Careline Team based in the Regeneration and Culture Directorate.

### **5. RAISING AN INVOICE – GENERAL PRINCIPLES**

- 5.1 All fees and charges are in arrears of the service provision.
- 5.2 By raising an invoice, the Departments agree that approval to take appropriate recovery action is granted at the time that the debt is raised.
- 5.3 However, the following points should be considered before raising an invoice:
- Fees and charges are payable if receiving a service.
  - The service user must be assessed to pay for the service through the completion of a Financial Assessment Form (FAF) or have signed a Declaration thereby declining a financial assessment but agreeing to pay the full charge for the services they receive. (excluding Community Meals and some Careline services, which are flat charges).
  - Or failure by the service user to complete and submit a FAF in the timescales as laid down by the Social Services and Wellbeing Act 2014 can result in a maximum charge or being unable to receive Council funding.
  - It should not be used as a mechanism for negotiating sums due to the Council.
  - They should not be raised for amounts less than £10.
- 5.4 The amount below which invoices should not be raised will be determined periodically by the Head of Finance.

### **6. CREDIT ASSESSMENTS**

- 6.1 Due to the type of service provided, all customers are subject to a Financial Assessment, which will determine the amount a client can pay towards their care (excluding Community Meals and Careline Alarms).
- 6.2 No credit checks are undertaken.

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### **7. OPENING NEW ACCOUNTS**

7.1 It is the responsibility of each Team to ensure that all of the required details to raise an account are obtained from the customer. The required details are listed below:

- The name and address of the customer and the service they are to receive.
- Where someone else is to act on their behalf, whether it is through a formal arrangement e.g. an Appointee ship or informally through a family member their full name, home address and status of the person must be received in writing.
- Where the invoice is to be sent to a different address to where the service is being received then full contact details of where the invoice is to be sent to will be required.

7.2 These details should be obtained by the relevant Team prior to the provision of the service or use of a facility, etc. For Community Care Services only, once the completed and validated Financial Assessment Form (FAF) has been received, the Social Care and Health Finance Team will write out to the service user and/or their representative to advise them of the charge that will be levied. Wherever possible, this needs to be in accordance with the time limits as laid down in the Social Services and Wellbeing Act 2014.

7.3 All details should be checked on the Sundry Debtor system to ensure that there is no duplication or conflict with similar customers already set up.

7.4 At this time, the Teams should make new customers aware of the Council's standard payment terms and refer any possible request to deviate from this to the Debt Recovery/Senior Recovery Officer in either the Social Care & Health Finance Team or Corporate Debtor Team.

7.5 If the service being provided is on a contractual basis (e.g. Residential Care) then each Community Care Team must ensure that the customer/representative:

- (i) Reads and understands all the terms of the contract.
- (ii) Is informed both verbally and in writing of the Council's payment terms i.e. payment is due immediately on receipt of the invoice.
- (iii) Is informed that if payment is not received then the person who has signed the contract is personally liable for the debt.
- (iv) Must sign and date the contract and a copy is given to them for their records.
- (v) Is informed that an invoice will be sent for the charge of the care.

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### **8. PAYMENT TERMS**

- 8.1 The Council's standard terms require payments to be made immediately upon receipt of the invoice and these terms apply to all sundry debtor accounts raised within the Authority. Any deviation from these standard terms needs to be approved by the Head of Finance.
- 8.2 Payment by instalments is considered if requested. This applies mainly to the repayment of unpaid monies where a payment plan has been agreed.
- 8.3 In cases where property is involved and can be considered in the financial assessment, a legal charge will be placed on the property and invoices will be raised in line with the invoicing timetable. At such time that the property is sold, full repayment of monies owed will be required.

### **9. BILLING**

- 9.1 With the exception of Careline Alarms and Community Meals, all invoices should be raised on the Social Care element of the Sundry Debtors system (i.e. customer account numbers starting with a 2 or 3). To aid efficient debt collection and prompt settlement, invoices should be raised and sent to customers in line with the Directorate's invoicing timetable:
- Residential and Non-residential care: Four weekly in arrears
  - Adhoc invoices: within 10 days of receipt of the necessary paperwork.
- 9.2 Careline Alarms and Community Meal invoices are raised via the Corporate Debtor System (see main Sundry Debtor Policy for further details).
- 9.3 Prompt invoicing is essential to efficient debt collection; the longer the period, the less likely is prompt settlement.
- 9.4 The content (narrative) on the invoice should be concise but of sufficient clarity to ensure that the customer fully understands the bill. This must include the nature of service, date, periods of time, location and full contact details.
- 9.5 The invoice ultimately raised should show clearly the Council's terms and conditions, including the payment terms and methods of payment.
- 9.6 All relevant information relating to an invoice should be kept in paper/scanned image format until at least six years after it is first issued. If at the end of that six-year period the bill remains unpaid, the supporting documentation should be retained until final settlement of the debt.



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**10. METHODS OF PAYMENT**

10.1 The Council's preferred method of payment is in electronic form and this is encouraged as much as possible.

These payment methods are as follows:

- Automated Telephone Payments
- The Council's website
- Direct Debit

Other forms of payment accepted by the Council are as follows:

- Credit and Debit cards over the telephone to the Cashiers Department
- At a Post Office
- Cheques
- Postal Orders

**11. ACCOUNT CONTROL**

11.1 The Directorates aims to be more proactive in the collection of sums due from the clients who are receiving services. This involves liaison with these debtors on a regular basis.

11.2 Adopting a more pro-active approach to the collection of sums due to the Directorates and ensuring follow up contact after the issuing of the invoice ensures the payment of larger sums within the terms of this Policy. The Debt Recovery Officer/Senior Recovery Officer will assess accounts on individual merit and circumstance.

11.3 The Council will work alongside welfare and advice agencies in dealing with debts due to the Council (either singly or as part of a multiple debt scenario that may include other organisations) and actively signpost, with the debtor's approval, such cases as are considered appropriate to those organisations.

11.4 In the case of multiple debts due to the Authority the Debt Recovery Officer/ Senior Recovery Officer will coordinate recovery activity and balance repayment profiles across all debts due to the Council.

**12. ACCOUNT COLLECTION**

12.1 Where an account is not settled by the due date, based on best practice guidance, the following process shall apply:

- 28 days after the invoice date – a statement of account with covering letter will be issued.

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- 28 days later – another statement of account and a letter requesting contact be made with the Debt Recovery Officer; discussions will then be opened up with the relevant Team Manager
- 28 days later – another statement and letter stating possible further action and request to visit, followed up by the Debt Recovery Officer with a phone call and/or visit and refer back to Team Manager
- Thereafter discuss with the relevant Team Manager on the next course of action.

12.2 Statements/reminders are generated by the Debt Recovery Officer/Corporate Debtors Team through the Agresso system. Recovery action can be suspended (parked) at any time after the date of the invoice to prevent a statement being raised. This facility is used where the client has died and the department is awaiting the settlement of their estate. The Community Care Accountant has access to a report which details all “parked” invoices and this report should be reviewed on a regular basis.

12.3 The cycle can be changed depending on specific circumstances. The timescale should not be increased only reduced or a stage eliminated if the debtor is considered to be a high risk.

12.4 This process is co-ordinated by the Community Care Accountant/Revenues Manager and is supported by the Council’s Legal Services Unit, where necessary for legal matters.

### **13. DISPUTED INVOICES**

13.1 Where a customer disputes an invoice, the Debt Recovery Officer/Senior Recovery Officer shall refer the matter to the relevant Care Team and Community Care Accountant. It is the responsibility of that Team to resolve the issue of the dispute and to ensure that they have all the required information to substantiate any sundry debtor account which is issued.

13.2 The affiliated Social Worker/officer and/or Team Manager are expected to help resolve queries and improve the efficiency of debt collection. Wherever possible all disputes should be resolved within 28 days in accordance with best practice guidance.

13.3 Where an incorrect charge to a customer has been made, or the address provided for the invoice was incorrect, the Care Team must inform the Social Care Finance/Corporate Debtors Team within 3 days of discovering the error and provide instructions as to how the matter is to be resolved.

13.4 A dispute is not resolved unless it meets one of the following conditions:

- Customer is correct and gets full credit
- Customer is partly correct, gets partial credit and accepts revised charge
- Customer is incorrect and accepts the charge

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- Customer is not correct but does not accept the situation and the Council is prepared to either review the service or in exceptional circumstances commence legal proceedings.

### **14. CREDIT NOTES**

- 14.1 Some invoices raised may ultimately be incorrect and require cancelling or the charge reduced. This could arise from a customer dispute or be identified internally.
- 14.2 Where a credit note is required, the Finance Manager (or Community Care Accountant)/Revenues Manager should authorise the Credit Note Schedule.
- 14.3 The Finance Assistant and/or Debt Recovery Officer may initiate a credit note for invoices raised that contravene this Sundry Debtor Policy at any stage of the recovery process. These will be authorised by the Senior Finance Officer.
- 14.4 The above does not preclude the debt from being reinstated if circumstances change.

### **15. SANCTIONS**

- 15.1 Where an account remains unpaid and is not subject to dispute or any other agreement regarding its status, then cancellation of the service provided should be seriously considered.
- 15.2 This should be reviewed before legal proceedings are commenced and is a decision for the Head of Service and Team Manager following advice and guidance from the Head of Legal Services.
- 15.3 Each case should be considered on its own merits. Due to the nature of the services being provided this is considered to be a very rare occurrence.

### **16. ACCOUNTS SUBJECT TO LITIGATION**

- 16.1 Where a client is assessed as requiring Community Care Services, the Authority has a duty to provide these services even when a client refuses to pay their assessed contribution.
- 16.2 However where possible the Department should consider whether cancellation or review of the service is possible.
- 16.3 Consideration should also be given as to whether legal action is the appropriate route to take, given the full circumstances of the case.
- 16.4 Where legal action is deemed appropriate, it is the responsibility of the Teams to ensure that they have the necessary supporting evidence to assist with any legal action, should it become necessary.

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16.5 Unfortunately in some instances, despite rigorous debt recovery action, recovery fails to produce a payment towards some or all of the debt due. In these circumstances, further action is limited and in most situations the invoice will be submitted for write off.

### **17. DEBT FOR WRITE OFF**

17.1 The Council recognise that where a debt is irrecoverable, prompt and regular write off of such debts is good practice as it maintains the accuracy of the collection databases. The same principles apply to accounts in credit.

17.2 The Debt Recovery Officer/Senior Recovery Officer will seek to minimise the cost of write-offs by taking all necessary action to recover what is due within a timely manner. All debts will be subject to the full recovery, collection and legal procedures as outlined in this policy.

17.3 Where all forms of recovery on outstanding debt have been exhausted and/or it is considered that the debt is no longer economic to pursue, it should be written off. All write offs require the following approval:

Up to £5,000 – Finance Manager for Social Care and Health/Revenues Manager

Between £5,000 and £10,000 – Section 151 Officer

Over £10,000 – Section 151 Officer & Cabinet Member for Finance

17.4 Where the debt has been subject to litigation, the Debt Recovery Officer/Senior Recovery Officer, in conjunction with Legal Services, should discuss whether the debt is reasonably recoverable and future action to be taken in respect of the matter.

17.5 The Debt Recovery Officer/ Senior Recovery Officer should review outstanding debt on a monthly basis with the aim of identifying any uncollectible debt sitting on the Council's ledger for an indefinite period.

17.6 All accounts that are considered and subsequently approved as being irrecoverable will be written off against the appropriate Bad Debt provision.

17.7 Debt written off does not preclude arrangements for pursuing and accepting payment at a later date. Therefore, the record will remain on the system with all other relevant documents.

17.8 Credit notes are written back to the relevant departmental cost centre, therefore, a more proactive use of credit notes where disputes are not resolved and where backing paperwork for County Court action will not stand up to court scrutiny should reduce the amounts to be written off to the corporate debt provision.

### **18. INSOLVENCY**

18.1 Where the Council is aware or notified of a customer falling into receivership or liquidation, etc. then the Debt Recovery Officer/ Senior Recovery Officer should be

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made aware immediately. Subsequently the Community Care Accountant should determine whether a receiver or liquidator has been appointed.

18.2 Where notification is received that a debtor has absconded without providing a forwarding address, then a trace facility is available. The Debt Recovery Officer/ Senior Recovery Officer will weigh up the cost of undertaking a trace against the size of the debt.

18.3 The Council is likely to become a low rated creditor in any insolvency proceedings. Therefore, such debts should be written off as soon as a proof of debt has been lodged.

### **19. PERFORMANCE MEASUREMENT AND MANAGEMENT REPORTING**

19.1 The Department recognises that prompt recovery action is key in managing its debt and maximising income. The following performance information should be compiled:

- Each year the Social Care & Finance Team set a target for the reduction of the Directorate's Debt position by way of the Service Improvement Plan. This is then translated into an individual plan for each member of staff through the Check In Check Out scheme.
- Monthly reports by way of Supplementary Report packs are sent to each Team Manager.
- The Debt Recovery Officer meets with the Team Managers on a regular basis to discuss performance and detailed cases.
- On a monthly basis the Community Care Accountant provides a written report to the Finance Manager detailing recovery action taken, amounts recovered etc.
- On a quarterly basis this information is reported to the Social Care and Health Departmental Management Team in a report by the Finance Manager for review as part of the formal budget monitoring process.

19.2 Therefore, the Department will:

- Set clear targets for the recovery of debt.
- Have clear written recovery procedures.
- Have in place regular reviews with Team Managers
- Set priorities for specific areas of debt and assess recovery methods to ensure maximum efficiency and recovery levels.

19.3 The main benchmark is the Council's own past performance and trends, etc and these are the indicators on which improvement should be based. However, wherever possible, comparisons are made with other local authorities and local government generally, through published information or benchmarking clubs, etc.