

# Debt Management Policy

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<b>Name of originator/author:</b>	David Skelton, Financial Controller
<b>Name of responsible committee/individual:</b>	Paul Brown, Chief Finance Officer
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CONSULTATION SCHEDULE		
Name and Title of Individual	Groups consulted	Date Consulted

RATIFICATION SCHEDULE	
Name of Committee approving Policy	Date
Audit Committee	7/11/2022
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VERSION CONTROL			
Version	Version/Description of amendments	Date	Author/amended by
1	First version of the Policy	07/11/2022	David Skelton
2	Policy updated to remove reference to CSU activities undertaken as these are now delivered internally following the successful in housing of the service.	09/02/2024	Carl Lewis

IMPACT ASSESSMENTS – available upon request			
	Stage	Complete	Comments

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**This policy applies to the Staffordshire & Stoke-on-Trent Integrated Care Board.**

**Where the term Staff is used this includes Non-executive Directors, Clinicians and contractors working on behalf of the ICB.**

## **1.0 Introduction**

The NHS Staffordshire and Stoke-on-Trent ICB (the ICB) supplies services to both NHS and non-NHS organisations. Debtor invoices for either services provided or in relation to applicable recharges are raised through the Integrated Single Financial Environment (IFSE) general ledger.

## **2.0 Purpose of the Policy**

This policy is to outline the debt management procedure in place to ensure the ICB collects cash on a timely basis and that processes are in place for regular debt reviews to avoid debt write off. The policy also sets out the process for providing for bad debts where it is envisaged a debt may become irrecoverable and the writing off of bad debts within the ICB.

## **3.0 Standard Approach to Credit Control**

NHS Shared Business Services are responsible for collecting all debts up to 60 days overdue, at which point the responsibility will fall to the ICB.

Standard payment terms for the ICB are 30 days from date of invoice.

For NHS organisations which currently use NHS Shared Business Services, transactions will be interfaced from Accounts Receivable through to Accounts Payable for processing and payment. NHS reminder letters are not issued for these transactions.

SBS collection efforts are to take effect from day 1 overdue, with a referral to the ICB when it is 60 days overdue.

For non-NHS commercial and non-commercial debt, the credit control stages are as follows: -

**Statement** – All debtors are sent a full statement of outstanding invoices and amounts each month. The statement will include all transactions up to the month end and will be issued by the 14th of the following month.

**30 days from date of invoice** – A first reminder letter will be sent to all debtors by NHS Shared Business Services when the invoice is 1 day overdue.

**40 days from date of invoice** – NHS Shared Business Services will send a second reminder letter.

**60 days from date of invoice** – Debtors will receive a final demand letter from NHS Shared Business Services at which point the ICB will take on the responsibility of debt recovery.

## **4.0 Debt Reviews**

Monthly Debt Reviews:

### **Financial Accounts**

A monthly meeting is to take place between the Financial Services Team Leader and the Senior Financial Accountant. The purpose of the meeting is to review debt recovery, ensure appropriate process are being undertaken to best recover outstanding debt and establish if there are any debts that may fall into the category of irrecoverable.

### **Finance Business Partner Reviews**

A monthly meeting is to take place between Finance Business Partners, Financial Controller and Senior Financial Accountant to review the aged debt profile within their business pillar with a view of trying to resolve debts > 60 days old.

### **Local Authority**

The ICB has an on-going relationship with the Council and all issues must be escalated through the relevant finance representatives.

A meeting is to take place quarterly between finance representatives of the ICB and the Council. All outstanding debts between the organisations are to be reviewed and where possible successful resolution reached.

## **5.0 Establishing A Bad Debt Provision**

### **ICB Income**

The ICB supplies services to both NHS and non-NHS organisations. Debtor invoices for either services provided or in relation to applicable recharges are raised through the Integrated Single Financial Environment (IFSE) general ledger.

### **NHS Debts**

NHS invoices are raised and forwarded to the appropriate NHS body. As part of the quarterly agreement of balances process, debts between NHS organisations are compared and agreed between the receiving and supplying organisations. In the event of any discrepancies between the organisation and an inability to reach and agree a mutual solution, the matter is referred to NHS England for mediation. Thus, transactions between NHS bodies cannot be treated as bad debts and therefore fall outside scope of this policy. When it is clear and agreed that a debt is not going to be settled by the receiver organisation, then a credit note must be raised, and the cost involved will be credited against the original income code unless agreed by the Chief Finance Officer.

## **Non-NHS Bad Debts**

The Chief Finance Officer is responsible to the Governing Body for all aspects of debt management of the ICB. Any non-NHS debt identified as irrecoverable, resulting in the generation of a bad debt provision, will require authorisation from the Chief Finance Officer.

A bad debt is defined as an outstanding sum of money owed to the ICB by a non-NHS body that is impossible or uneconomic to collect. For example, the debtor company is in liquidation, the debtors are untraceable, or the sum owed is very small.

All debts written off will be written back to the originating budget code unless agreed by the Chief Finance Officer.

As the ICBs income generation activity is deemed immaterial and therefore the number of invoices raised annual minimal, it is expected that debt will be reviewed on an invoice-by-invoice basis.

### **6.0 Irrecoverable Debt – External Debt Collection Agency**

Once a debt has been highlighted as irrecoverable internally after exploring all recovery avenues set out above, the Financial Controller can choose to utilise the ICB external debt recovery agency Legal Recoveries & Collections Ltd. This service is seen as a last resort measure and will only be used where the debt is considered economical to pursue.

### **7.0 Debt write off**

Biannually the Financial Controller will produce a schedule of debts considered to be uncollectable and pass to the Audit Committee at the ICB for approval. The schedule will detail the attempts that have been made to recover the debt and the reasoning behind the recommendation. All balances on the schedule will either be recommended for write off or further action taken to recover the debt.

All write-offs will be recorded in the ICBs losses and special payments register and will be reported to the Audit committee on a quarterly basis. Once written off, the ICB may reinstate a debt and attempt to collect them if new information regarding the debtor becomes available.

### **8.0 Monitoring and Evaluation**

The aged debt will be reviewed by the Financial Controller and Senior Financial Accountant as part of the month end process. This will cover actions being undertaken by ICB Finance Business Partners and strategic reviews by senior officials.

### **9.0 Review**

This policy will be reviewed annually from the point of implementation.

