

TRUST POLICY FOR DEBTOR RECOVERY BY INSTALMENT

Reference Number POL-FIN/3552/20	Version: 1.0		Status 29 January 2020	Author: Nolan Salmon Financial Controller
Version / Amendment History	Version	Date	Author	Reason
	Version 1	29/1/2020	N. Salmon	Trust agreed to an Audit recommendation that a Policy be implemented
Intended Recipients: Staff Responsible for Debt Collection: Finance, Private Patients, Payroll and Human Resources				
Training and Dissemination: Policy will be emailed to users. Already been discussed with them				
To be read in conjunction with: Standing Financial Instructions and Scheme of Delegation				
In consultation with and Date: Payroll, Finance, Human Resources, Private Patient Services				
EIRA stage One	Completed	Yes / No	<i>Delete as appropriate</i>	
stage Two	Completed	Yes / No	<i>Delete as appropriate</i>	
Approving Body and Date Approved			TOG March 2020	
Date of Issue			March 2020	
Review Date and Frequency			March 2023 Every 3 Years	
Contact for Review			Nolan Salmon Financial Controller	
Executive Lead Signature			Executive Director of Finance & Performance	

DEBT RECOVERY BY INSTALMENT POLICY

1. Introduction

The Trust is required to seek prompt payment of all debts owing. However it is appreciated that in cases of financial hardship the Trust is more likely to achieve recovery by agreeing an instalment plan with the debtor. This Policy sets out the conditions for setting and managing instalment plans.

2. Purpose

This Policy is to provide a framework for the recovery of debts by instalment.

3. Definitions Used

“Instalment Plan” – a way of settling an outstanding debt by a series of monthly repayments.

“Control Account” – an Accounting General Ledger code used to record and maintain summary balances. For the purposes of this policy it will be the outstanding debtor balance of individuals on the Trust’s payroll currently repaying salary overpayments by monthly salary deduction instalments.

“Debtor” – the person, company or organisation that owes money to the Trust that the Trust is seeking to recover.

“ESR” – Electronic Staff Record. The Trust’s Payroll system.

4. Key Responsibilities/Duties

4.1 Section 6.4.1 of the Trust’s Standing Financial Instructions states:

“The Executive Director of Finance & Performance is responsible for an effective credit control system incorporating procedures for recovery action on outstanding debt.”

The arranging of Instalment Plans falls within this remit and responsibility for these is, dependent on specific circumstances, delegated to:

4.2 For debts relating to Invoices issued by the Finance Department (including ex-employees)

Head of Financial Services
Financial Controller
Financial Accountant

4.3 For debts relating to invoices issued by the Private Patient Unit

Private Patients General Manager

- 4.4 For debts relating to Salary Overpayments to staff still currently employed by the Trust

Payroll and Pensions Manager

5. 5.1 When Should an Instalment Plan be considered?

Instalment plans should only be considered if it is thought undue financial hardship would ensue that would itself reduce the chances of the Trust recovering the debt.

It is anticipated that only individuals would be considered for an instalment plan and not companies or organisations. However any request made for an instalment plan should at least be considered.

5.2 Factors to be Considered When Considering agreeing to an Instalment Plan

The ability to pay by instalments is not a “right” unless specifically detailed in a contract or otherwise approved payment plan but is a concession offered by the Trust. In general it is anticipated that the Debtor may be the party responsible for requesting an Instalment Plan. However a Trust Officer with designated powers for debt collection may wish to offer one from the outset in appropriate circumstances (for example where it has been discovered that an employee has been overpaid their salary by a considerable amount in total but in small amounts over a period of time which meant the employee may not have been aware).

Other factors that should be taken into account include (though the list is not exhaustive):

- i) Mitigating factors put forward by the Debtor, particularly the likelihood of severe financial hardship caused by asking for full payment. It is possible in such circumstances that pursuing a court case for full payment could force the debtor into bankruptcy and the Trust could lose all the debt.
- ii) Was the debt accrued unexpectedly (e.g. Salary Overpayment or Emergency Overseas Visitor) or knowingly (E.g. Private Patient)?
- iii) Recommendations received from Debt Collection advisors
- iv) Requests from, or supported by, other parties (including PALs, Citizens Advice, and Professional Debt Counsellors etc.)
- v) How the debt occurred. E.g. was the Trust partly responsible (e.g. salary overpayment due to non-termination on ESR by line manager)?
- vi) Department of Health Guidance in relation to Overseas Visitors and Human Rights Legislation. Section 15 of the Executive Summary of the Guidance states:

“A relevant body also has human rights obligations, so chargeable treatment which is considered by clinicians to be immediately necessary must never be withheld from an overseas visitor or delayed, even when that overseas visitor has indicated that they cannot pay. This does not mean that the treatment should be provided free of charge. Charges will still apply, and, if not yet recovered, should be pursued after the treatment is provided. Treatment which is not immediately necessary, but is nevertheless classed as urgent by clinicians, as it cannot wait until the overseas visitor can be reasonably expected to return home, should also be provided without delay regardless of the patient’s ability to pay. Every effort should be made to obtain payment or a deposit in the period before treatment starts.”

- vii) An overseas visitor may leave the country and this makes debt collection more difficult
- viii). Would alternative methods of debt collection be more suitable? For example Court action
- ix) The Trust has a Salary Overpayment Policy and this allows a recovery period equal to the period over which an overpayment was made as a first option.

5.3 Time Scale and Value of Instalment Payments.

The starting point should be that the Trust needs to recover monies owed in the shortest reasonable time period possible and the timescale agreed sets the monthly instalment. However the factors listed in section 5.2 above need to be taken into account when agreeing the monthly instalment value and time scale

Where the Trust is considering offering an instalment plan the designated officer should in the first instance consider a period of no longer than **6 months**, but may, in extenuating circumstances, offer a period of up to 36 months subject to the designated limits below and the conditions outlined in Section 54.

Designated Limits for Agreement of Payment by Instalment Plan

Department	Type of Debt*	Designated Officer	Maximum Total Value	Maximum Repayment Period
Finance/Billing	1	Financial Accountant	£3,000	12 months
	1	Financial Controller	£6,000	36 Months
	1,2,3	Head of Financial Services	£10,000	36 Months
Payroll	2	Payroll and Pensions Manager	£10,000	36 Months #
	2	Director of Human Resources	No Limit	No Limit #
Private Patient Unit	3	Private Patient Finance Manager	£1,000	6 Months
	3	Private Patients General Manager	£3,000	12 Months
Trust Board	1,3	Director of Finance & Performance or Designated Deputy	No Limit	No Limit

* Type of Debt

1	Invoices normally raised the by Finance/Billing Team
2	Salary Overpayments or salary deductions lower than required. Must also comply with HR Policy on Recovery
3	Private Patients invoiced directly by the Private Patient Unit

Human Resources Policy

HR Policy states that overpayments should be recovered over a period equivalent to the period they were made. Eg. Overpayments made over 3 months could be recovered over a 3 monthly period. Any exceptions to this rule must be approved by the Director of Human Resources

Source of Data	Date Of Issue	Detail
UHDB	November 2018	Standing Financial Instructions
UHDB	April 2019	Recovery of Overpayment/Underpayment of Salary, Allowances or Expenses
Department of Health	October 2017	Guidance on Implementing the Overseas Visitor Charging Regulations

5.4 Terms and Conditions when offering Instalment Plans

5.4.1 Salary Overpayments: Human Resources Policy

HR Policy states that overpayments should be recovered over a period equivalent to the period they were made. E.g. Overpayments made over 3 months could be recovered over a 3 monthly period. Any exceptions to this rule must be approved by the Director of Human Resources

5.4.2 For Salary Overpayments where the Debtor is still employed by the Trust:

The Head of Payroll services will agree a repayment instalment plan by way of salary deduction/adjustment, in accordance with the delegated limits and HR Policy. This will then be implemented by the Payroll Team and monitored via Control Account (see section 5.5) reconciliation.

If an employee leaves the Trust before the overpayment has been paid off the Trust reserves the right to take any amounts outstanding from the employee's final pay. Any amounts still outstanding after the final pay date will be notified to Financial Accounts who will issue an invoice for the final balance and take over the debt collection from this point.

5.4.3 Overpayments where an invoice is usually raised (including salary overpayments for staff that have left the Trust)

A specific instalment plan with monthly "pay by" dates should be formally drawn up and issued to the Debtor for their signature. It should be made clear that failure to meet the required payment terms, without the Trust's consent, would invalidate the agreement and that all the debt still outstanding would fall due immediately with the Trust retaining the right to use all legitimate means of recovery including court action.

The preferred method of payment is by Standing Order and appropriate documentation should be supplied to the Debtor if this is to be utilised. Otherwise other payments (Direct Banking, Cash and Cheque) need to be received and cleared by the due date. A cheque returned by the bank as unpaid is classed as a default.

5.4.4 Instances where the Debtor is known to the Designated Office in Another Capacity

In instances where the person owing money to the Trust is known to the designated officer offering an instalment plan in a capacity other than a debtor (e.g. a relative, friend or colleague within the same work team) then that designated officer should also seek authorisation from another officer with a higher delegated limit or the Director of Finance (or Designated Deputy).

6. Monitoring and Control of Instalment Plans

6.1 Invoiced Debts

For instalment payments against invoices raised monitoring should be carried out by the relevant invoicing team, either Finance Billing or Private Patient Unit. Where a payment is missed then the relevant Designated

Officer, as detailed in Section 5.3 above, should be informed for further action to be taken. This could involve an immediate demand for payment in full, a referral to the Trust's Debt Collection Agency or potential court action.

6.2 Salary Overpayments Recovered via Payroll

Salary overpayments being recovered through payroll deduction are monitored by the Trust's Financial Services Team. Recognised overpayments posted via the Trusts ESR payroll system creating a debit on a Salary Overpayment Control Code in the Trust's General Ledger. Subsequent recoveries made by salary deduction generate credits to the Overpayment Control Code and the Financial Accounts team use the entries on the Control Code to ensure that the overpayments are recovered.

If the monthly Control Code reconciliation process shows a payment (deduction) has not been made then Financial Accounts will contact Payroll so the reason can be ascertained and appropriate action taken.

If an employee leaves before the repayments are complete the Control Code will be cleared by way of an invoice being completed and the subsequent debt follow up will be undertaken by the Trust's Billing Team

7. References

Source of Data	Date Of Issue	Detail
UHDB	November 2018	Standing Financial Instructions
UHDB	April 2019	Recovery of Overpayment/Underpayment of Salary, Allowances or Expenses
Department of Health	October 2017	Guidance on Implementing the Overseas Visitor Charging Regulations

8. Appendices

Appendix 1: Specimen Agreement Letter and Signed Schedule

Appendix 2: Specimen Standing Order Form

As attached.

Appendix 1

Our ref: xx/xx/xx

Mr. J Bloggs

14th October 2019

Dear Mr. Bloggs

Ref no IN00000XX – balance due £

With reference to your recent telephone call with Mrs. xxx, Billing Officer, please find enclosed the proposed payment plan.

Please sign one copy of the enclosed plan & the Standing Order mandate and return as a hard copy to the Finance Directorate at the address shown as soon as possible.
The second copy of the plan is for you to retain.

If you have any problems making a payment, it is essential that you contact Mrs. xxxx on extension xxxx, as failing to make payments may result in County Court action being taken against you which will incur further recovery costs and increase your debt.

Yours sincerely

Kevin Downs
Director of Finance

Enc

Mr. J Bloggs

10th October 2019

Ref no IN000000 – balance due £

£	p	To be received on or before				
£		28/11/2019				
£10.00		28/12/2019				
£10.00		28/01/2020				
£10.00		28/02/2020				
£10.00		28/03/2020				
£10.00		28/04/2020				
£10.00		28/05/2020				
£10.00		28/06/2020				
£10.00		28/07/2020				
£10.00		28/08/2020				
£100.00		Total payable				

I, _____, agree to pay the sum of **£x.xx** to the University Hospitals of Derby and Burton Hospitals NHS Foundation Trust in accordance with the installment plan detailed above. I understand that a default in payment will result in the commencement of formal recovery procedures through the County Court, and that the costs associated with such action will also be recovered.

Signed.....

Date.....

WHEN COMPLETED AND SIGNED, PLEASE RETURN THIS FORM TO:

For the attention of: xxxxxxxxxx – Billing Officer

UNIVERSITY HOSPITALS OF DERBY AND BURTON NHS FOUNDATION TRUST

XX
XX
XX
XX
XX
XX
XX

Mr. J Bloggs

10th October 2019

Ref no IN00000 – balance due £

£	p	To be received on or before				
£10.00		28/11/2019				
£10.00		28/12/2019				
£10.00		28/01/2020				
£10.00		28/02/2020				
£10.00		28/03/2020				
£10.00		28/04/2020				
£10.00		28/05/2020				
£10.00		28/06/2020				
£10.00		28/07/2020				
£10.00		28/08/2020				
£100.00		Total payable				

I, _____, agree to pay the sum of **£x.xx** to the University Hospitals of Derby and Burton Hospitals NHS Foundation Trust in accordance with the installment plan detailed above. I understand that a default in payment will result in the commencement of formal recovery procedures through the County Court, and that the costs associated with such action will also be recovered.

Signed

Date.....

COPY TO BE RETAINED

Appendix 2: Specimen Standing Order Form

UNIVERSITY HOSPITALS OF DERBY AND BURTON HOSPITALS NHS FOUNDATION TRUST

STANDING ORDER AUTHORITY

Please complete in **Block Capitals** and tick the relevant boxes

Person/Organisation you wish to pay Name of person/Organisation UNIVERSITY HOSPITALS OF DERBY & BURTON NHS FT Bank or Branch Name NATWEST Account Number 9 6 6 4 9 7 9 8 Sort Code 52 - 10 - 35 Reference (if any)		For Bank Use Only Beneficiary/Originator Details Computer records checked for matching S/O or D/D?
Payment Details Amount of first payment £10.00 Date of First Payment 28/11/2019 Amount of usual payment £10.00 Amount of usual payment in TEN POUNDS ONLY When paid (weekly, monthly) Monthly Day or date of Usual payment 28th Amount of Last Payment £10.00 Date of Last Payment 28/08/2020 Or Please continue payments until further notice <input type="checkbox"/>		Payment Details Is Payment due today or Tomorrow If Yes, advise Regular Payments Staff immediately by fax or telephone to take action
If the amount of the periodic payments vary they should be incorporated in a schedule overleaf Customer Bank Details Account in the Name(s) of Branch Address Account Number Sort Code Does this Authority replace an existing Standing Order/Direct Debit* Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please give details *delete as applicable		
Special Instructions (Include any additional information applicable to this instruction) MONTHLY PAYMENTS OF £10.00 UNTIL 28/08/2020		Special Instructions Special Instructions clarified with customer?
Customer(s) Signature Please debit my/our account accordingly Telephone Number**		** Update ISS records where appropriate (expert codes ADD/UOD)

Note: The Bank will not undertake to:
 (i) make any reference to Value Added Tax or other indeterminate element
 (ii) advise payers address to beneficiary
 (iii) advise beneficiary of inability to pay
 (iv) request beneficiary's banker to advise beneficiary of receipt

WHEN COMPLETED AND SIGNED, PLEASE RETURN THIS FORM TO:
 For the attention of Mrs Barbara Morrow – Billing Officer

UNIVERSITY HOSPITALS OF DERBY AND BURTON NHS FOUNDATION TRUST
 Finance Department
 The House
 Queen's Hospital
 Belvedere Road
 Burton On Trent Staffs DE13 0RB