South Lanarkshire College

Debt Management Policy and Procedure

A framework within which debt management will be administered within the College.

Version number 4.0

Document Information

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Approved by:	
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Version History

Version Number	Date	Author	Rationale
1.0	July 2013	Head of Finance	A framework for debt management at the College
2.0	Aug 2016	Head of Finance	Relevant updates
3.0	Aug 2019	Head of Finance	Relevant updates
4.0	Feb 2026	Head of Finance	Relevant updates

Quick Links

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Table of Contents

Purpose

This policy sets out the College's approach to managing debt owed to the College. It ensures that all income due is collected efficiently, fairly, and in accordance with public sector- financial standards.

Effective debt management supports the College's financial sustainability, cashflow stability, and responsible stewardship of public funds.

Scope

This policy applies to:

- All tuition fees, commercial income, service charges, and other monies owed to the College
- All students, apprentices, employers, commercial clients, and partner organisations
- All staff involved in invoicing, credit control, finance operations, and income management

It does **not** apply to external borrowing, which is governed separately under Scottish Government rules for public bodies.

This policy also incorporates the procedure for the recovery of Bursary and other student support funding overpayments.

Context

- Students are expected to pay their course fees at the time of enrolment with some discretion available to allow payment by instalment.

- If a sponsor or employer is paying the fees on the students' behalf, the College requires a letter from the sponsor or employer on letter-headed paper stating that they are responsible for payment of the students' fees.

- Higher Education students should apply to SAAS for funding no later than 31st March in the academic year in which they are studying, Failure to apply for funding will result in a personal invoice being raised.

- Debtors who have not paid in full at enrolment, planned to pay by standing order instalments or applied for a Part Time Fee Grant (PTFG) will be sent an invoice.

Policy Statement

The College is committed to:

- Ensuring all income due is collected in a timely and transparent manner
- Minimising the level of outstanding debt and reducing the risk of bad debt
- Applying consistent, fair, and proportionate debt recovery processes

- Supporting students and clients experiencing financial difficulty
- Complying with the SFC Financial Memorandum, SPFM, and relevant legislation

The College will balance effective debt recovery with its commitment to widening access, inclusion, and positive learner outcomes.

Key Principles

Accuracy and Timeliness

- All invoices must be accurate, issued promptly, and supported by appropriate documentation
- Invoices raised to local authorities and businesses must include a valid Purchase Order Number when requested.
- Payment terms must be clearly communicated at the point of enrolment, contract, or service delivery.

Fair and Consistent Recovery

- Debt recovery processes will be applied consistently across all categories of debtor.
- Recovery actions will be proportionate to the level and age of the debt.

Support for Students

- Students experiencing financial hardship will be offered support, including:
    - Payment plans
    - Referral to student funding teams
    - Advice on available financial assistance
- Recovery actions will take account of the College's duty of care and commitment to equitable access.

Compliance and Governance

- Debt management practices must comply with public sector -financial standards, including the SPFM requirement for effective credit control.
- The Board of Management will receive regular reports on debt levels, trends, and write offs.

Minimising Bad Debt

- The College will actively monitor outstanding balances and take early action to prevent debts becoming irrecoverable.
- Bad debt write-offs- require approval in line with the College's Scheme of Delegation and SFC guidance.

Debt Recovery Process

Initial Stage

- Invoice issued with standard payment terms (normally 30 days).
- Reminder issued shortly after the due date if payment has not been received, stating methods of payment or payment by standing order.

Follow Up Stage

- 30 days following the first reminder, a second and final reminder is issued, including details of consequences for non-payment.

Final Stage

- After a further 30 days from the second and final reminder, a final notice is issued advising that the debt may be passed to the College's external collection agencies.
- External recovery will be used only when internal processes have been exhausted.
- At this time, the Digital Team will also be notified to withhold student results & certification. Students will also be precluded from attending the College's graduation ceremony.
- Moreover, students who owe fees from a previous year will not be allowed to re-enrol until arrangements are made to settle any outstanding fee debt.

Legal Action

- Legal action may be taken for significant debts where recovery is likely and cost effective.
- Any legal action must be authorised in accordance with the Scheme of Delegation.

Payment Arrangements

- The College may agree payment plans where appropriate, particularly for students.
- Payment plans must be realistic, time-bound, and monitored regularly.
- Failure to adhere to an agreed plan may result in reinstatement of recovery actions.

Write Offs

- Debts may be written off only when all reasonable recovery efforts have been exhausted.
- Write offs must follow:
    - The College's Scheme of Delegation
    - SFC Financial Memorandum requirements
    - Audit Scotland expectations
- All write offs will be reported to the Board of Management or relevant committee.

<u>Referral of debts to the College external recovery company</u>

- There is a de minimis limit of £50, below which an individual student debt will not be referred to the recovery company.
- A fixed administration fee of £40 can be applied for late payment or debt escalation depending on individual student circumstances.

Debt write off thresholds

- Individual debtor balances to the value of £1,500 can be authorised for write off by the Head of Finance.
- Debts between £1,500 and £10,000 must be approved by the Vice-Principal, Finance, Resources & Sustainability.
- Debts over £10,000 must be brought to the Principal and agreed by the Board of Management in line with the College's Finance Regulations. However, the Board delegates authority for write-offs to its Finance & Resources Committee.

Reporting of bad debt write offs

The following must be reported to the Board of Management and the Scottish Funding Council on an annual basis:

- Individual bad debts written off with a value of greater than £3,000;
- Individual irrecoverable losses re overseas students with a value of greater than £6,000

Student Funding and Bursaries

- Where a student has received a bursary payment in error or has been overpaid (for example, due to withdrawal from a course part way through the year), the College will seek to recover the overpaid amount as part of the year end process. The College is a custodian of Scottish Funding Council funding and therefore has a duty to protect this funding stream from misuse, seeking to reclaim any sums paid in error to students on the SFC's behalf.

- No de minimis limit applies; the College is duty bound to attempt to clawback funding that has been paid to a student erroneously.

- The Finance Advisors will prepare a standard email and send it to an identified list of affected students.

- If no email response is forthcoming within six months of the email being sent, student funding and bursary overpayments will be written on based on the above thresholds and delegated levels of responsibility.

Roles and Responsibilities

Board of Management

- Oversees debt levels and approves write offs -above delegated thresholds.
- Ensures debt management aligns with the College's financial strategy and risk appetite.

Principal and Executive Team

- Ensures effective implementation of this policy.

- Monitors debt performance and acts where required.

Head of Finance

- Manages this policy and ensures that it is updated as required.
- Reviews and amends the Bad Debt Provision bi-annually, based on reports produced by the Depute Head of Finance and the Finance Advisors.
- Writes off bad debts within delegated approval thresholds.

Finance Team

- Issues invoices, monitors debt, and undertakes recovery actions.
- Provides regular reports to management and the Board.
- Ensures compliance with finance regulations

Budget Holders

- Ensure accurate billing for activity within their area.
- Support the Finance Team in resolving disputes and recovering income.

All Staff

- Must follow College procedures for recording income and initiating charges.

Monitoring and Review

- Debt levels will be monitored monthly and reported quarterly to the Board or Finance Committee.
- This policy will be reviewed every three years, or sooner if required by changes in legislation, SFC guidance, or financial risk.

Related Documents

- Financial Regulations
- Finance Strategy
- Scheme of Delegation
- Fees Policy
- Student Support and Hardship Procedures
- SFC Financial Memorandum