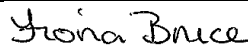





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DEBT MANAGEMENT POLICY

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VERSION HISTORY

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1 Introduction

- 1.1 Food Standards Scotland ("FSS") provides a range of services for which charges are payable. FSS is a non-ministerial public body forming part of the Scottish Administration which was established by the Food (Scotland) Act 2015 (the 2015 Act). The statutory objectives of FSS are to protect the public from risks to health in connection with the consumption of food, to improve the general diets of the public to be conducive to good health and to protect other interests of consumers in relation to food.
- 1.2 Effective collection of income and management of debts have a direct impact on the resources available to provide services and improve and maintain standards. This policy sets out how FSS applies common principles and takes a clear and consistent approach to debt management and collection for all services.
- 1.3 The 2015 Act gives FSS the power to monitor and regulate enforcement action. Where the Scottish Ministers make regulations under a number of relevant Acts such as the 2015 Act and the Food Safety Act 1990, FSS can be designated by Ministers as being a competent authority or enforcement authority for the regulations. FSS may be designated as a competent authority and enforcement authority for EU food and animal feed regulations in Scotland. Under regulation 5 of the Food Hygiene (Scotland) Regulation 2006, FSS is the enforcement authority in relation to slaughterhouses, game handling establishments and cutting plants.
- 1.4 If a Food Business Operator (FBO) fails to pay for their official controls charges, FSS may be entitled to withdraw its services or under regulation 4 of the Meat (Official Controls Charges) (Scotland) Regulations 2009 as amended, where a court order (decree) has been granted against an FBO of any premises for any sum payable and the FBO fails within reasonable time to comply with that court order (decree).

2 Scope and Application

- 2.1 FSS is required to collect income in relation to charges for Official Controls within slaughterhouses, game handling establishments and cutting plants throughout Scotland. This Debt Management Policy is essential to ensure that income due to FSS is efficiently and promptly collected.
- 2.2 This policy relates to collection of debts due by individuals or businesses to FSS, arising from:
- (a) Meat Hygiene Inspection
 - (b) Audit and Partial Audit Charges
 - (c) Unannounced Inspections
 - (d) Charges for Training and Certificates
 - (e) Export approvals
 - (f) Approvals of new establishments
- 2.3 The above represent income sources for FSS which are invoiced on a monthly basis and calculated from information gathered from FSS operation workflow systems and reports sent to businesses.
- 2.4 Food Business Operators are responsible for paying these invoices and it is this income stream that raises debt management issues.

3 **Principles**

3.1 The following principles govern the operation of this policy:

- (a) FSS will promote fairness, proportionality, transparency and accountability;
- (b) FSS will promote a culture of payment and work towards the prevention of arrears and debts in the first instance;
- (c) FSS will work for clear, prompt and regular communication; and
- (d) FSS will use legal remedies which are reasonable and take account of the circumstances of the individual and/or business to which the debt concerns;

4 **Objectives**

4.1 The objectives of this policy are to ensure that:

- (a) The actions of FSS focus on prevention of debt arrears, early detection of debts and clear communication with relevant individuals or businesses at all stages;
- (b) All individuals, businesses or others receiving services from FSS are aware of how much is due for the services provided and are aware of when payment is required;
- (c) Those owing sums to FSS give priority, where appropriate, to repaying and reducing the amounts owed to FSS as soon as possible taking account of their respective resources;
- (d) FSS continues to monitor the performance and promotes best practice in relation to recovery of debts as part of its role as an enforcement authority and regulator; and
- (e) FSS continues to operate in a way that is consistent with the principles of good governance as required under the 2015 Act and the Strategic Code of Practise for Scottish Regulators.
- (f) FSS continues to operate in a way that is consistent with the principles of better regulation, our regulatory strategy, and the Scottish Regulators' Strategic Code of Practice.

5 **Service Standards**

5.1 A summary of the service standards of FSS are set out below:

- (a) To have detailed procedures that are applied consistently throughout and across the service;
- (b) To ensure staff are properly trained to enable them to carry out their roles fully and effectively;
- (c) To provide advice and guidance to customers about payments and invoices to avoid debts accruing;
- (d) To ensure a wide range of accessible payment methods are available;
- (e) To ensure opportunities are given to customers to agree an arrangement to repay any debts due;

- (f) To signpost customers to money advice agencies or otherwise as may be appropriate; and
- (g) To ensure customers are aware of their responsibility to report any changes in circumstances that may be relevant.

6 Equal Opportunities

- 6.1 In relation to debt recovery and collection, this policy is consistent with Equal Opportunities principles and aims to ensure that FSS act fairly and lawfully on all occasions. FSS will not discriminate against anyone on the grounds of race, colour, ethnic origin, nationality, gender, sexuality, disability, age, religion or any other belief.
- 6.2 FSS has given consideration to an Equal Opportunities Impact Assessment and a 'No EQIA Required Declaration Form' has been agreed by the Deputy Director.
- 6.3 On-going monitoring of the policy will be undertaken to ensure equality objectives are achieved and maintained.

7 Vulnerable Persons

- 7.1 This policy and FSS aim to promote fair treatment of vulnerable persons in line with the core values and objectives of FSS.
- 7.2 Vulnerable persons are those who, because they are affected by disability, mental disorder, illness or physical or mental infirmity, are more vulnerable to inducement or harm, including but not limited to minors, a disabled person, an elderly person, a pregnant person, a lone parent with a minor child or a person who has been subjected to torture, rape or other forms of psychological, physical or sexual violence who has had an individual evaluation of their situation that confirms they have special needs.
- 7.3 FSS will make every effort to ensure that vulnerable persons are dealt with in a transparent manner and that consideration is given to their ability to make their own decisions.
- 7.4 FSS will act proportionately in recovering debts concerning vulnerable persons and take full account of their circumstances, allowing them reasonable time to repay debts and making reasonable adjustments to standard procedure as may be applicable to the circumstances of the individual concerned.
- 7.5 FSS will ensure that it communicates in a clear, accurate, transparent and truthful manner with vulnerable persons in line with the core principles of FSS.
- 7.6 FSS will correspond with a solicitor or authorised representative of a vulnerable person where possible and attempts will be made to have vulnerable persons seek their own independent legal advice or advice from a suitable organisation regarding any debts owed to FSS.
- 7.7 FSS will ensure that undue pressure will not be placed on any vulnerable persons and that actions taken will be proportionate.

8 Approach and Method

- 8.1 In accordance with the FSS Framework Document and Scheme of Delegation from the FSS Board, the Chief Executive, in his formal approval of the policy, accepts full responsibility for it and ensuring its implementation. Day to day responsibility for the operation of this policy lies with the Corporate Services Branch.
- 8.2 Assurance as to the operation (and future development) of the policy will be provided to the Board, through the Audit and Risk Committee (ARC), by the Executive. Reporting

arrangements to the Senior Management Team, ARC and Board are outlined in paragraph 8.

8.3 This policy is implemented using the following approaches:

- (a) FSS will provide clear and transparent procedures and training for staff working in debt recovery and collection;
- (b) FSS will define levels of responsibility within the collection process and promote a culture of payment, including providing resources and guidance for staff to enable them to offer support and manage cases;
- (c) FSS will maintain up to date accounts concerning outstanding sums to enable early detection and proactive steps to be taken;
- (d) FSS will adhere to all its pre court requirements and have a clear and transparent escalation process. This will include maintaining accurate records of all action taken.
- (e) FSS will take legal action to pursue debts as appropriate;
- (f) Procedures concerning recovery of debt will be reviewed yearly as a minimum and measures to improve efficiency and collection levels will be implemented as relevant; and
- (g) Businesses that we charge for services will be informed of changes to policy and procedures and adherence to policy and procedure requirements will be monitored.

8.4 Debt collection and recovery procedures will incorporate a wide range of actions with some of the process being listed in Appendix 1 to this policy.

8.5 FSS will, after completing procedures and as a last resort, take court action for recovery from individuals and businesses who fail to cooperate or who fail to engage in relation to their debts owed to FSS. If such an action is successful FSS will act on any decree issued by the court to recover the debts owed, including expenses and interest from raising proceedings.

8.6 The Meat (Official Controls Charges) (Scotland) Regulations 2009 as amended, permits FSS to withdraw its services from any establishment in circumstances where a court order has been granted for any sum payable following failure to pay for official controls charges and the FBO fails to pay under that order within a reasonable time.

9 **Monitoring, Performance and Reporting**

9.1 Areas of monitoring will be monitored by the Meat Hygiene Charging Manager and reported to the Financial Accountant. This will then be reported to the Senior Management Team, ARC and Board as part of the regular financial performance reporting procedures.

9.2 Audits of policy compliance will be conducted by Scottish Government Internal Audit and results will be reported to Head of Corporate Services, Chief Executive and the Audit and Risk Committee (ARC). Ad-hoc 'self-checks' may be undertaken by Corporate Services staff to ensure compliance with the policy as required.

9.3 Any matters which tends to demonstrate a failure of internal controls or policy adherence should be immediately reported to Head of Corporate Services.

9.4 The areas of monitoring are:

- (a) Debt levels and classes of debt;
- (b) Effectiveness and efficiency of debt recovery and collection processes;
- (c) Risk management of debts and recovery;
- (d) Identification of bad debts and processes concerning write off for bad debts; and
- (e) Monitoring of Food Business Operators who fail to pay under any court orders obtained following legal action to recover debts and which may result in service withdrawal.

10 **Complaints and Appeals**

- 10.1 A copy of the complaints procedure is available from FSS website within the [‘How we work’](#) section.

11 **Policy Availability**

- 11.1 This policy is available to the public on the FSS website. A summary of this policy can be made available in a number of other languages and other forms if required.

12 **Policy Review**

- 12.1 This policy will be subject to regular review in connection with application legislation, rules and guidance, changes within FSS and continued best practice principles.
- 12.2 Reviews of this policy will be coordinated and conducted by the Meat Hygiene Charging Manager, examined by the Accountant and signed off by Head of Corporate Services.

Appendix 1

Key Element of Debt Collection and Recovery Procedures

Prevention of debts

FSS will work with customers with a view to preventing the accrual of debt. This will include helping those who are in debt to reduce the sums due where possible and making clear what action will be taken with any businesses or individuals who do not clear or make arrangements for their debts to FSS.

Procedures will be designed and targeted to allow detection of new debts and any missed payments towards debts in a prompt manner in order to manage debt levels and to prevent debts increasing to significant levels.

Users will be made aware of the powers conferred on FSS concerning the services it provides in the event that legal action is taken for recovery of debts and payment is not made under any court order within a reasonable time.

Fairness

The debt collection and recovery policy will be fair and provide a consistent approach to all users, individuals or businesses that fall into debt with FSS. FSS is willing to discuss repayment options with those who are experiencing difficulties.

Where possible FSS will be flexible for those in genuine difficulty to assist with reduction of debt levels where those in debt cooperate and enter dialogue concerning debt levels. FSS reserves the right and are prepared to take court action to deal with those who wilfully refuse to pay and such action will be taken proportionately.

Service

Those receiving services from FSS will be given full information about the costs associated with the service provided. A range of secure payment methods will be offered. Direct payments from bank accounts are encouraged. Those using cash are able to do so in the appropriate way to the Food Standards Scotland office located at 4th Floor, Pilgrim House, Old Ford road, Aberdeen, AB11 5RL.

Measures to Encourage Prompt Payment

Convenient Payment Methods

The likelihood of prompt payment is increased where payment methods for settling the debt are made as convenient as possible for FSS's customers.

The following payment methods are currently available:

- Cheque - made payable to Food Standards Scotland
- BACS - Details are provided on the reverse of each invoice and reminder

Clear Standard Terms and Conditions

It is essential customers are aware of the credit terms and therefore the payment terms are included on all application forms, guidance documents and invoices sent to customers.

Invoices

All invoices are due for payment immediately.

Legal and Regulatory Framework

- Food (Scotland) Act 2015
- Food Hygiene (Scotland) Regulations 2006
- Regulation (EC) No 882/2004
- Meat (Official Controls Charges) (Scotland) Regulations 2009
- The Official Feed and Food Controls (Miscellaneous Amendments) (Scotland) Regulations 2009
- Food Safety Act 1990
- Equality Act 2010 and associated codes of practice
- Data Protection Act 1998
- Ethical Standards in Public Life etc. (Scotland) Act 2000
- Debtors (Scotland) Act 1987
- Bankruptcy (Scotland) Act 2016
- Bankruptcy and Diligence (Scotland) Act 2007
- Regulatory Reform (Scotland) Act 2014
- Scottish Regulators' Strategic Code of Practice

Appendix 2

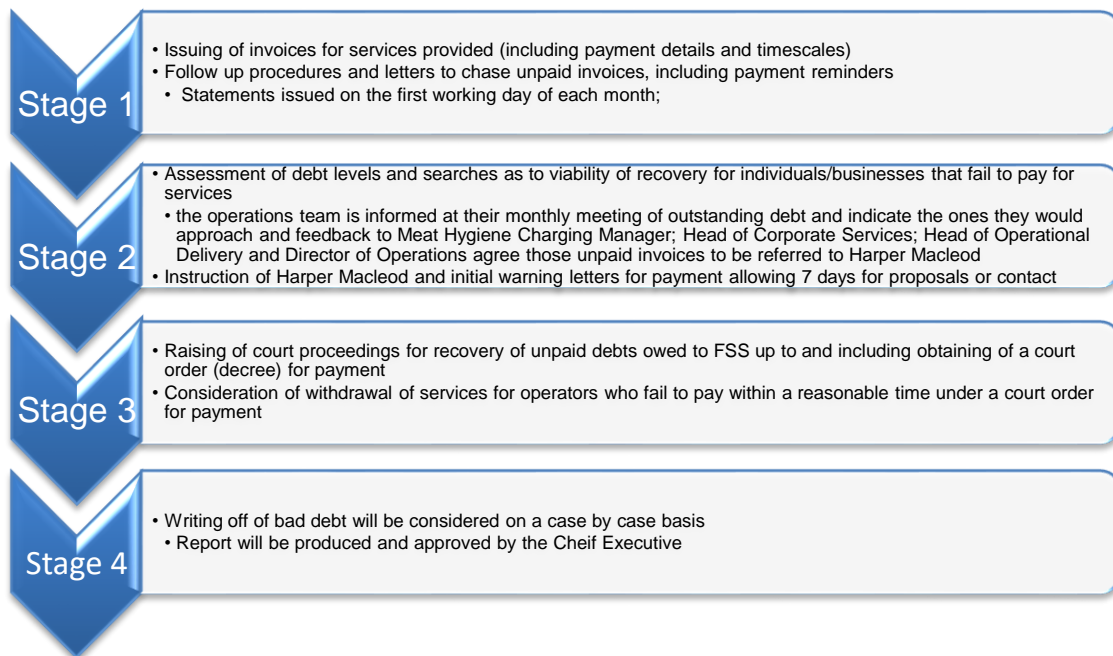
Debt Management

Effective debt management maximises income by reducing the risk of bad debt. It is therefore essential that the detailed credit control procedures are followed. It is also vital that all staff are aware of the importance of debt management and fully co-operate with Finance staff who are involved in debt management. An overview of the debt management procedures is as follows:

Debt Collection Procedures Overview

Where an invoice has been issued and payment has been received it is essential that this receipt is promptly and accurately recorded to avoid customers being contacted in relation to debt they have already settled.

Where an invoice has been issued and payment has not been received the following process is initiated:



Appendix 3

Reporting Arrangements

A report detailing approved write-offs will be submitted quarterly to Senior Management Team (SMT).

In accordance with FSS Financial Scheme of Delegation amounts to be written off will be authorised by the Chief Executive. The Chief Executive may sub-delegate authorisation of write-offs to other senior officials within FSS.

A report will be submitted at least quarterly to SMT containing details of overall debt and income received with comparison figures as appropriate. This will then be reported to the Board at each meeting within the Financial Report and bi-annually to ARC within the Debt Section of the Fraud and Losses Report.

Assignment of Responsibilities

Meat Hygiene Charging Team

The Meat Hygiene Charging Team is responsible for performing the tasks identified below.

Activities:

- Checking of system generated invoices prior to issue to customers
- Dealing with invoice enquiries and disputes
- Prompt and accurate recording of income received
- Sending Statements
- Making and recording the details of the follow up telephone call
- Maintaining a record of all communication with the debtor
- Passing debt to Law Agents, with all the necessary details
- Informing the Law Agents immediately upon receiving income in relation to a debt previously referred to the Law Agents
- Requesting advice from Legal Services as and when is required
- Preparation of the Debtors report on a monthly basis and issue to Director of Operations, Head of Operational Delivery, Head of Corporate Services and the Financial Accountant
- Preparation of the Write-Off Report to be presented to SMT, Board & ARC
- Prior to a report being sent to SMT - obtaining the Chief Executive's agreement and authority to write off bad debts (or their delegate if appropriate)
- The Meat Hygiene Charging Manager will have responsibility for any debts that are to be recovered through the court actions in liaison with the Law Agents

Appendix 4

61 day overdue letter

We act on behalf of Food Standards Scotland. We have been advised that the sum of £ remains outstanding and due for payment by you to them.

We have been instructed by our client to seek immediate recovery of the sum of £ which is overdue. Unless this amount is paid to our client within seven days of the date of this letter our client may instruct us to take court action against you without further notice. We will seek interest and expenses from you in any court action raised and will enforce any decree (court order) granted against you.

Payment should be made by cheque direct to Food Standards Scotland at the following address: Food Standards Scotland, 4th Floor, Pilgrim House, Old Ford Road, Aberdeen, AB11 5RL or by BACS. Account information is undernoted for your information.

You are entitled to seek your own independent legal advice in respect of this matter.

Without prejudice