



## **DEBT RECOVERY POLICY**

**(non-statutory)**

Policy Date:	April 2015
Policy Approved:	by Governor's Resources Committee at their meeting on 7 <sup>th</sup> July 2015
Next review:	July 2016

Newlands Primary School will take all reasonable measures to vigorously collect debts as part of its management of public funds. A debt will be written off only after all reasonable measures (commensurate with the size and nature of the debt) have been taken to recover it.

Newlands Primary School's debt recovery policy will observe the relevant financial regulations and guidance set out in the Scheme for Financial Management and any other legal requirements. In particular:

The Governing Body will decide the level of debt acceptable for school dinners and actions to be taken when the set level is exceeded by parents. Parents should also be advised that the possibility of free school meals is available for parents on low income

If action taken by the school to recover a debt is not successful and the debt is material (i.e. over £50) then it can be referred to County Treasurer's Debtors Group where appropriate action can be taken

**School finance staff are expected to follow the following procedures to secure the collection of all debts.**

**Recording of goods or services supplied where payment is not received in advance or 'at the point of sale'.**

A record will be kept of all such supplies that details what was supplied, the value, the date(s) and the identity of the 'debtor', e.g. child, parent, hirer, etc

Where invoices are raised these should state the date by which payment is due.

In all other cases correspondence with parents, etc. should indicate the maximum period that the school regards as reasonable before payment is overdue, e.g. contributions for a school trip should be received by, etc.

The Headteacher should determine what the reasonable 'credit period' is if this is not otherwise specified, e.g. the governors may stipulate the maximum settlement period for school lettings in a separate policy.

**Initial reminders**

Initial reminders that payment/s is/are due by a specific date may be informal and made either in person (when a parent comes in to school) or by telephone/text message. Normally, the admin assistance will undertake this having built up a good relationship with the parents.

In the case of school meals, reminder letters are routinely issued each Friday indicating the total amount of the debt owed.

### **First reminder letter**

A formal reminder letter should be issued immediately following a payment deadline using the 'Tucasi Cash Office' module to generate the letter. *If action is to proceed further, it is necessary to prove that all reasonable attempts have been made to recover the debt, and that these attempts have been made in a timely manner, i.e. at the time that the debt first became overdue.*

### **Second reminder letter**

A second reminder letter should be issued in two weeks after the first reminder letter.

### **Failure to respond to reminders/settle a debt**

If no response is received from the reminders issue, a letter will be sent to the debtor advising them that the matter will be referred to the County Treasurer's Debtors Group.

At the discretion of the Headteacher, the debtor may be advised that they will be required to pay in advance for all future supplies or the supply will no longer be available to them. This decision and its basis will be recorded.

### **Negotiation of repayment terms**

Debtors are expected to settle the amount owed by a single payment as soon as possible after receiving the first 'overdue reminder'.

If a debtor asks for 'repayment terms' these may be negotiated at the discretion of the Headteacher/Resources Committee. A record of all such agreements will be kept.

A letter will be issued to the debtor confirming the agreed terms (unless this not judged necessary). The settlement period should be the shortest that is judged reasonable.

The Resources Committee will decide whether any debtor who has been granted extended settlement terms will not be offered any further 'credit' and will be required to pay in advance in future.

### **Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Resources Committee will decide whether to seek to recover such costs from the debtor. This decision and its basis will be recorded.

The debtor will be formally advised that they will be required to pay the additional costs incurred by the school in recovering the debt.

### **Reporting of outstanding debt levels**

The Senior Admin Officer will ensure that the level of outstanding debt is known/can be determined at any time.

The Senior Admin Office will review the level of outstanding payments for school meals, trips and extra curricular activities at least once per term and report these findings to the Headteacher.

The Resources Committee will review the level of outstanding debts, where an invoice has been raised, at least once per term to determine whether this level is acceptable and whether action to recover debts is effective.

### **Bad debts/Write-offs**

The Headteacher may write-off any amount of income due up to a maximum of £200 if they consider it is irretrievable, and must sign an explanatory record giving reasons for the write-offs. Records must be kept for inspection.

The Governing Body therefore can approve the write-off of debts up to £1000.

The Financial Procedures, paragraph 2.7 – 2.9, states that the responsibility of the County Treasurer is:

‘In consultation with the chief officer, to agree the write-off of bad debts of between £1,000 and £5,000.’

‘To obtain the approval of the Executive member in consultation with the relevant chief officer, for writing-off debts in excess of £5,000.’

‘To ensure that appropriate accounting adjustments are made following write-off action.’

### **Policy review**

This policy will be reviewed annually by the Governors Resources Committee.