




## DEBT RECOVERY POLICY

(Non-Statutory)

<b>Date of Policy Issue/Review</b>	Reviewed May 2020 by School Business Manager
<b>Policy approved/date</b>	By Governors Resources Committee at their meeting on 17 <sup>th</sup> May 2021
<b>Signature of Governing Body</b>	Signed on behalf of Governors Resources Committee 
<b>Next review</b>	May 2023

## 1. General requirements

The school will take all reasonable measures to vigorously collect debts as part of its management of public funds. Any debts have to be met from the school budget and this is to be avoided so as not to have a detrimental impact on the children's learning. 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.

The school's debt recovery policy will observe the relevant financial regulations and guidance set out in the Scheme for Financing Schools and any other legal requirements. In particular:

- the Governing Body will approve the write-off of all debts, stocks, stores and surplus assets
- all such write-offs will be recorded in the minutes of the governing body
- a formal record of any debts written off will be maintained and this will be retained for 7 years (the form of this record is specified below).
- the school will seek the advice of the Council's Legal Services Section should they consider taking legal or other action to recover the debt.

In general payment for all goods and services supplied by the School should be collected in advance or 'at the point of sale'.

It is agreed that the level of debt that is acceptable for school dinners is currently set at **£11.50 (a week of meals)**. However, parents should also be advised that the possibility of Free School Meals is available for parents on low income.

The procedures to secure the collection of all debts are outlined below and should be followed by all School staff.

## 2. Acceptable 'credit period'

The Governing Body must determine the length of time they deem as an acceptable 'credit settlement period' before the debt recovery procedures are applied.

The Governing Body may consider that an 'acceptable' credit period may vary between different income generating activities; for example;

- School meals;
- School lettings;
- Trips and activities.

The Governors may have stipulated a maximum settlement period for school lettings in a separate 'Lettings policy'. However, in order to ensure a consistent approach and demonstrate transparency, the 'acceptable' period for each activity should be stipulated in this policy.

Debt recovery procedures should be applied in accordance with item 4 of this policy.

## 3. Reporting of outstanding debt levels

The Headteacher will ensure that the level of outstanding debt is regularly monitored.

Suitable records will be maintained to detail individual debts and the total value of debt to the school. A regular schedule of outstanding debts will be provided to the Resources Committee for review.

The Resources Committee will review the level of outstanding debts at every committee meeting and confirm that the above processes are followed appropriately for any debts outstanding.

*(Monitoring of outstanding debts may be differentiated by type, e.g. if lettings debts prove more of a problem then the frequency and degree of monitoring should reflect this).*

#### **4. Debt Recovery Procedures**

4.1 Where payment from the parent/carer has not been received in advance, or 'at the point of sale', the following process should be applied:-

- (a) For school meals – debt is checked on a weekly basis;
- A letter to parents/carers will be automatically generated within Scopay and sent weekly detailing the level of debt and date of last payment, along with an attachment containing the dinner money statement (showing payments made and lunches taken). Payment is expected within 7 days.
  - Should payment not be received by the following week, the procedure is repeated.
  - Should payment not be received within three weeks, a letter will be sent to parents/carers informing them that their child will not be provided with a school until payment is received for the outstanding monies and payment in advance for any meals that they wish to take.
  - Four weeks from the first reminder letter, a letter from the Headteacher will be sent to parents confirming that their child will not be provided with a school meal and that a packed lunch should be provided until payment is received for the outstanding monies.
- (b) For school trips;
- for day trips and other requests for a voluntary contribution, correspondence with parents in the form of reminders that a contribution is overdue; it is expected that all contributions should be received prior to the trip going out.
  - for residential visits, payments are spread over a longer period and parents are automatically sent a debt email through Scopay if an instalment has not been paid. Full payment is expected prior to the residential visit taking place.

The school uses the communications module within Scopay to automatically generate debt letters which are emailed home to parents/carers at various intervals as detailed above.

4.2 For other outstanding payments (e.g. lettings);

- correspondence with customers in the form of a letter and/or email that payment is overdue; it is expected that full payment should be received within the payment terms stated on the invoice.

#### **5. Verbal and Written Reminders**

Details of debt reminders referred to in section 4.1 are stored within the relevant reporting section of Scopay. Details of verbal reminders are maintained on file and securely destroyed once payment has been made.

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

If after following debt recovery procedures, as detailed in item 4 of this policy, (or the debt is in excess of £50) and a response or payment is not received, a letter will be sent to the debtor advising them that the matter will be referred to the school's legal advisers.

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.

## **7. 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 payment' reminder.

### **However, if people are unable to pay;**

The School may reduce or cancel a debt in certain circumstances. A sensitive approach to debt recovery will be carried out, taking the following factors into account.

- Hardship – where paying the debt would cause financial hardship.
- Ill health – where our recovery action might cause further ill health.
- Time – where the debt is so large compared to the person's income that it would take an unreasonable length of time to pay it all off.
- Cost – where the value of the debt is less than the cost of recovering it.
- Multiple debt – where someone owes more than one debt to the School. In this situation an attempt to agree one repayment plan to include all debts will be established.

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

If a debtor requests 'repayment terms' these may be negotiated at the discretion of the Headteacher. A record of all such agreements entered into will be retained.

In all cases, a letter will be issued to the debtor confirming the agreed terms for repayment.

The settlement period should be the shortest that is judged reasonable.

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

## **8. Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Headteacher will decide whether to seek to recover such costs from the debtor.

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

This decision and its basis will be recorded and copies of all correspondence retained on file.

**9. Bad debts**

This debt recovery policy should be cross-referenced to the Scheme for Financing Schools.

Write-off of any debt must be approved by the Resources Committee.

A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.

**10. Policy Review**

This policy will be reviewed and approved bi-annually by the Resources Committee.