Debt Recovery Policy

Low Ash Primary School

Approved by:	The Governing Body	**Date 18.11.26**
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Version Control		
Version	Date	Amendments
1.0	19.11.25	Updated paragraph 4 – SBM to telephone

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1. General Requirements

The 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.

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 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'.

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

It is not expected that any parent will fall into debt as all our chargeable activities or items for sale are to be paid for at the time of booking/purchase. If for any reason (breakfast club/wraparound care) they are not paid for at the point of booking, payment must be made within 48 hours of the charge becoming payable. If payment is not made the following process will be followed.

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 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 outstanding debt levels

Where payment from the parent/guardian has <u>not</u> been received in advance, or 'at the point of sale', the following process should be applied.

(a) An invoice should be issued on official school stationery for the full amount in order to officially set up the debt;

Where invoices are raised they should state the date by which payment is due *<u>date/month/year</u>*.

(b) In all other cases, such as;

- correspondence with parents, etc. the maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example contributions for a school trip should be received by *<u>date/month/year</u>*.
- payment for items purchased should be sent to the school office by *<u>date/month/year</u>*.

(c) A record of all goods and services will be maintained detailing:

- type of good/services supplied;
- value;
- date(s) good/services supplied; and;
- the identity of the 'debtor', e.g. parent, hirer, etc.

4. Verbal and written reminders

Details of all reminders, whether verbal or in writing, should be maintained. Where a letter is issued, a copy must be retained on file.

Should a debt need to be taken beyond two reminder letters, formal written evidence may have to be produced.

It is therefore important that at least one, but preferably two, written reminders are sent.

Prior to formal letters being sent the school business manager will telephone the parent to enquire when payment will be made. Full notes of the conversations will be recorded.

Initial 'overdue payment' reminder – 14 days after the date of the invoice

An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child), or by telephone.

In general, the School Business Manager will notify the parent/guardian or organisation/company.

The date of the initial reminder should be recorded.

First 'overdue payment' reminder letter - 28 days after the date of the invoice

A formal reminder letter should be issued 2 weeks after the informal reminder / the date of supply.

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.

The date of the initial reminder should be recorded.

Second 'overdue payment' reminder letter - 42 days after the date of the invoice

A second reminder letter will be issued 2 weeks after the First Reminder Letter.

The date of the initial reminder should be recorded.

Failure to respond to reminders / settle a debt

If after 2 reminders, 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 Governing Body / 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 and reported to the Governing Body.

5. 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/School Business Manager.

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.

This decision and its basis will be recorded and reported to the Governing Body

6. Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Headteacher/ Governing Body 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 reported to the Governing Body.

7. Bad debts

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

Write-off of any debt requires the written approval of the Governing Body.

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

Signed ……. Chair of Governors

REQUEST FOR WRITE-OFF

From……. Date……..

Please authorise write-off of the following debt:*

INVOICE REF	NAME	DATE OF ACCOUNT	VALUE OUTSTANDING

Reason and circumstances for request:

*** N B Use a separate form for each debt.**

Name…… Date: …… Signature……

Headteacher

RECORDS OF DEBTS WRITTEN OFF

Debtor	Details of debt	Amount (£)	Invoice reference and date (*where applicable*).	Reason for write-off (*including brief details of measures taken to secure payment - as appropriate*).	Authorisation of write off – *name and signature of the authorising individual and date*. *Cross reference to entry in the accounts where applicable*.