

GOVERNING BODY'S DEBT RECOVERY POLICY



Introduction

The school will take all reasonable measures to collect debts vigorously 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 conforms to the relevant financial regulations and guidance as set out in the local authority's Finance Guide. In particular:

- any debt exceeding £1,000 will not be written off by the Governing Body.
- a formal record of all debts written off will be maintained and retained for a minimum of seven (7) years (Appendix A).
- the school will not initiate any legal action to recover debts, but will refer any debts which it has not been able to collect (unless a decision to write-off the debt is demonstrably a reasonable course of action) to the local authority's Debtors' Team for consideration of legal or other means of redress to recover the debt.
- the school will NOT write off any debt belonging to the local authority or other party, e.g. debts for school meals. If in doubt as to the appropriate action to collect any such debts the school will seek advice promptly from the local authority.

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

Acceptable 'credit period'

The Governing Body has determined acceptable 'credit settlement periods' before debt recovery procedures are applied. It has also agreed that this period may vary between different income generating activities, e.g.

- Lettings (see Lettings Policy);
- Meals;
- Trips (see Charging Policy);
- After-school Clubs.

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 in order that it can be determined at any time and reported to the Governing Body (or relevant committee thereof).

The School Business Manager will review the level of any outstanding debts every month to determine whether this level is acceptable and whether action to recover debts is effective.

Debt recovery procedures

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

- (a) An invoice should be issued for the full amount in order to officially set up the debt (the invoice should be raised three weeks after the debt is accumulated). Where invoices are raised they should state the date by which payment is due. If the debtor is unable to pay an invoice in full by the due date, an instalment arrangement will be offered and payments will be collected by direct debit wherever possible. If there is any dispute about the amount or the period of repayment, advice is to be taken from the Debtors Team regarding which payment arrangement to be offered. The Debtors Team decision will be final.
- (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 a set date (prior to the trip going ahead)
 - payment for items purchased should be sent to the school office by a set date (prior to goods being released)
 - If payment is not forthcoming the process detailed in 4.1(a) should be applied
- (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. child, parent, hirer, etc.

Verbal and written reminders

- **Details of all reminders, whether verbal or in writing, should be created, including all relevant details, and held on file, together with a copy of invoice(s), and all letters.** Should a debt need to be taken beyond a reminder letter, formal written evidence may have to be produced.
- **Initial 'overdue payment' reminder.** An initial reminder may be informal and can be made either in person (when a parent / carer comes to collect / drop off a child), or by telephone.
- **First 'overdue payment' reminder letter.** A formal reminder letter should be issued three weeks after the invoice has been sent.
- **Note:** *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.*

Failure to respond to reminders / settle a debt

If after the written reminder, 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 local authority's Debtors' Team advising notice prior to legal action for debts in excess of £35.

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 and reported to the Governing Body (or relevant Committee thereof).

Negotiation of repayment terms

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

Debtors 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;
- If the debtor is bankrupt;
- Ill health – where recovery action might cause further ill health;
- Death - if the debtor has died and there are not sufficient funds from their estate to pay the amount owed;
- 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.
- Statute barred – an invoice is irrecoverable if six years have elapsed from the date of the invoice, date of service or last payment date, whichever is the later. If the debt is acknowledged by the debtor, the six years runs from this date;
- Cost – where the value of the debt is less than the cost of recovering it. Debts less than £35 should be written off after two weeks if payment is not received two weeks after the first reminder.

Debts between £35 and £100 should be written off after three weeks if payment is not received three weeks after the first reminder.

Debts over £101 should be written off after thirteen weeks if payment is not received.

- Multiple debts – 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;
- Moved Address – if the debtor has left an address and is not traceable either through internal investigations or using an external debt collector.

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 for 'repayment terms' these may be negotiated at the discretion of the Headteacher. A record of all such agreements entered into will be retained by the school.

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 (or relevant Committee thereof).

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 reported to the Governing Body (or relevant Committee thereof).

Bad debts

Write-off of debts up to a maximum of £1,000 requires the written approval of the Governing Body (or relevant Committee thereof). Debts of greater than £1,000 will not be written off.

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