

**St. Bartholomew's C of E Primary School
Sydenham**



Debt Recovery Policy

Agreed by the Governing Body: Summer 2019

Scheduled Review Date: Summer 2020

Debt Recovery Policy

1. Introduction

- a) 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.
- b) 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 not write-off any debt belonging to the school which exceeds £1,000
 - Any sums above £1,000 will be referred to the Head of Resources, Director of Children and Young Peoples Services for approval for write-off
 - The formal agreement of the Executive Director of Resources and Regeneration (Section 151 Officer) will be obtained before a debt exceeding £1,000 is written off. (If any debtor has a number of debts which together exceed the write-off limit then these will be treated as a total amount)
 - Debts greater than £5,000 can only be written off by the Executive member for Finance on advice of the Section 151 officer.
 - 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 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 Council's debt recovery team to consider taking legal or other action to recover the debt.
 - The school will NOT write-off any debt belonging to the Local Authority or another 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 officers of the Local Authority.
- c) In general payment for all goods and services supplied by the School will be collected in advance or 'at the point of sale'.

2. Acceptable 'credit period'

- a) The Governing Body have determined that the length of time they deem to as an acceptable 'credit settlement period' before the debt recovery procedures are applied is as follows:
 - Trips and activities – two weeks.
 - School meals – two weeks.
- b) Debt recovery procedures will be applied in accordance with item 4 of this policy.

3. Recording of outstanding debt levels

- a) The Headteacher will ensure that the level of outstanding debt is regularly monitored.
- b) 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 Resources Committee.
- c) The Headteacher will review the level of outstanding debts every term to determine whether this level is acceptable and whether action to recover debts is effective.

4. Debt Recovery Procedures

- a) Where payment from the parent/guardian has not been received in advance, or 'at the point of sale', an invoice will be issued for the full amount in order to officially set up the debt. Invoices will state the date by which payment is due.
- b) In all other cases, the maximum period that the school regards as reasonable before payment is overdue should be clearly stated, for example the date by which contributions for a school trip should be received.
- c) A record of all charges for goods and services not met at point of sale 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.

5. Verbal and Written Reminders

- a) Details of all reminders 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 given as follows:
 - i. **Initial 'overdue payment' reminder**

An initial reminder may be informal and can be made either in person (when a parent/guardian comes to collect/drop off the child); by telephone or by text. The date of the initial reminder should be recorded.
 - ii. **First 'overdue payment' reminder letter**

A formal reminder letter should be issued 2 weeks after the informal reminder. *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.*
 - iii. **Second 'overdue payment' reminder letter**

A second reminder letter will be issued 2 weeks after the First Reminder Letter.
- b) 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 Council's Legal Services Section.

- c) 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.

6. Negotiation of repayment terms

- a) 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 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.
- b) If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Headteacher a record of the agreement 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.
- c) 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.

7. Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Head teacher 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.

8. Bad debts

Write-off of any debt requires the written approval of the Resources Committee up to a maximum of £1000. Write off of debts above this amount require the approval of the Local Authority. A record of the write-off, the reason for it, and the approval for it, will be retained for 7 years.

9. Monitoring and review

The policy will be reviewed annually.

