



The Eliot Bank and Gordonbrock Schools Federation



Debt Recovery Policy

Policy Agreed: May 2016

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 not write-off any debt belonging to the school which exceeds £1,000.
- Any sums above £1,000 will be referred to the Director of Children and Young Peoples Services for approval for write-off.
- The formal agreement of the Local Authority's Director of Finance and Resources (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 £10,000 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 LA's Schools' Finance Department to take further action.
- 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.

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

The procedures to secure the collection of all debts are outlined in paragraphs 3 to 5 and are followed by all school staff.

2. Acceptable 'Credit Period'

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

The Governing Body considers that an 'acceptable' credit period may vary between different income generating activities; therefore the acceptable credit period has been determined as follows:

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| • School lettings & Consultative Services | 30 days from date of invoice |
| • School Meals; | in advance, latest at point of sale |
| • School Journeys | in advance |
| • Other trips and activities | voluntary |
| • Items purchase, i.e. uniform or books | in advance |

The Governors 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 is stipulated above.

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

3. Reporting Of Outstanding Debt Levels

The Federation Business Manager will ensure that the level of outstanding debt is regularly monitored and will report back to the Executive Headteacher and Head of School.

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.

The Governing Body 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

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

4.1 For Pupils' Lunch Account Arrears

- A text is sent to remind the parent/guardian of the full outstanding amount.
- If the arrears are not settled within 5 school days from the date of the text, the parent/guardian receives an official 'Reminder' Letter from the school, asking them to pay the next school day after receipt of the letter.
- If the arrears persist for more than ten school days and exceed £20.00, a final letter is sent to the parent/guardian, asking to provide a packed lunch for their child.
- If the debt remains outstanding, the Executive Headteacher / Head of School can determine, whether the debt should be passed on to the LA's Schools' Finance Department for LA debt recovery. In this case, the LA will centrally reimburse the school with the full amount of the debt and will invoice the parent/guardian on behalf of the council.

4.2 In all other cases

The payment for items purchased will be sent to the school office in advance of the purchase.

4.3 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.

5. Verbal and Written Reminders

Details of all reminders, whether verbal or in writing, will 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.

We will therefore send at least one, but preferably two, written reminders.

5.1 Initial 'overdue payment' reminder

An initial reminder will be made by sending a text message to the parent/guardian, reminding them of the full outstanding amount.

The date of the initial reminder will be recorded.

5.2 First 'overdue payment' reminder letter

If the arrears are not settled within 5 school days from the date of the text, the parent/guardian receives a formal reminder letter from the school, asking them to pay all outstanding arrears within one school day after receipt of 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.

The date of the initial reminder will be recorded.

5.3 Second 'overdue payment' reminder letter

If the arrears persist for more than ten school days and exceed £20.00, a final letter is sent to the parent/guardian, asking to provide a packed lunch for their child.

The date of the initial reminder will be recorded.

6. Failure To Respond To Reminders / Settle A Debt

If after 2 reminders, a response or payment is not received, the Executive Headteacher / Head of School can determine, whether the debt will be passed on to the LA's Schools' Finance Department for LA debt recovery. In this case, a letter will be sent to the debtor advising them that the matter will be referred to the Council's Financial Services Section.

The council will centrally reimburse the school with the full amount of the debt and will invoice the parent/guardian on behalf of the council.

At the discretion of the Executive Headteacher / Head of School 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 Resources Committee.

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.

If a debtor requests for 'repayment terms' these may be negotiated at the discretion of the Executive Headteacher / Head of School.

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 Executive Headteacher / Head of School 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's Resources Committee.

8. Costs Of Debt Recovery

Where the school incurs material additional costs in recovering a debt then the Executive Headteacher / Head of School 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's Resources Committee.

9. Bad Debts

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

The write-off of any debt requires the written approval of the Governing Body's Resources Committee up to a maximum of £1000.

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 annually by the Governing Body's Resources Committee.

