



Debt Recovery Policy

2024/25

Agreed by Headteacher: Summer 2024
Due for Review: Summer 2025

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 Financial Handbook for Schools and any other legal requirements. In particular:

- the Headteacher will not write-off any debt belonging to the school which exceeds £500. Any sums above this will be referred to the Governing Body for approval
- 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'.

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

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.

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

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 relevant committee.

The Headteacher / Finance and General Purposes Committee / 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.

(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).

Debt Recovery Procedures

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

- The amount is inputted into Arbor and can be paid via the parent app or the website
- The debts are checked on a weekly basis and a message is sent via Arbor requesting payment of the 'overdue payment'
- It is therefore important that at least one, but preferably two, written reminders are sent
- If payment has not been received within one month, the message will be followed up by a telephone call
- A formal reminder letter should be issued 2 weeks after telephone call 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

Failure to respond to reminders / settle a debt

If after two 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 and a debt collection agency. At the discretion of the Governing Body/Finance and General Purposes Committee/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/Finance and General Purposes Committee

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 Governing Body / Finance Committee / 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/Finance and General Purposes Committee/Governing Body 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/Finance and General Purposes Committee

Costs of debt recovery

Where the school incurs material additional costs in recovering a debt then the Headteacher/Finance and General Purposes Committee/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/Finance and General Purposes Committee

Bad debts

Write-off of any debt requires the written approval of the Finance and General Purposes Committee/Governing Body .

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