



# ST CHARLES' CATHOLIC PRIMARY SCHOOL

## DEBT RECOVERY POLICY

<b><u>DEBT RECOVERY POLICY</u></b>		
<b><u>AGREED: OCTOBER 2017</u></b>	<b><u>REVIEWED: OCTOBER 2019</u></b>	<b><u>NEXT REVIEW: OCTOBER 2021</u></b>

**Our Mission at St Charles' Catholic Primary School is to...**  
**LOVE, LEARN, GROW TOGETHER**

**St Charles' Catholic Primary School**

**Debt Recovery Policy**

**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.
- 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 Legal Services Section 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.

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 in paragraphs 3 to 5.4 and should be followed by all School staff.

**2. Acceptable 'credit period'**

The Governing Body must determine the length of time they deem to 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; 1 month
- School Meals; 2 weeks
- Trips and activities. 2 weeks

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 of outstanding debt levels**

The Head teacher will ensure that the level of outstanding debt is regularly monitored. This will be conducted by the School Business Manager / Administration Staff.

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 Finance and Premises Committee

The Head Teacher will review the level of outstanding debts every half term to determine whether this level is acceptable and whether action to recover debts is effective.

School meal debts will be monitored weekly due to the frequency of the payments

### **4. Debt Recovery Procedures**

4.1 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 Administration Assistant with responsibility for collection of dinner money will draw up a list of arrears.

The Administrative Officer will verify the list and undertake recovery. Parents are sent letters each week if dinner money is owed. Parents are notified that if dinners are outstanding for 2 weeks or over they must pay arrears and provide a packed lunch until arrears are paid.

If more than 2 weeks arrears the parents are contacted in person to obtain money.

(a) An outstanding balance invoice should be issued 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 in the format date month and year.

(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 date/month/year.
- payment for items purchased should be sent to the school office by date/month/year.
- 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.

### **5. Verbal and Written Reminders**

5.1 **Details of all reminders, whether verbal or in writing, should be maintained. After two reminders, a copy must be retained on file.**

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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.

## 5.2 **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), or by telephone.

In general, the School Administration Staff will notify the parent/guardian after having built up a good relationship with the parents.

The date of the initial reminder should be recorded.

## 5.3 **First 'overdue payment' reminder letter**

A formal reminder letter should be issued 1 week after the informal reminder detailing the dates of supply and outstanding debt.

*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.

## 5.4 **Second 'overdue payment' reminder letter**

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

The date of the initial reminder should be recorded

## 6. **Failure to respond to reminders / settle a debt**

Parents are notified that if dinners are outstanding for 2 weeks or over they must pay arrears and provide a packed lunch until arrears are paid.

If more than 2 weeks arrears the parents are contacted in person to obtain the outstanding 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 Council's Legal Services Section.

At the discretion of the Head Teacher 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 Finance 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.

The Head teacher will invite parents in to discuss debt recovery and if parents are having difficulty paying a mutual payment scheme is operated whilst the child remains on packed lunch.

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 Head Teacher.

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 Head teacher 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 Finance, Staffing and Premises Committee

#### **8. Costs of debt recovery**

Where the school incurs material additional costs in recovering a debt then the Finance, Staffing and Premises Committee 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 Finance, Staffing and Premises Committee.

#### **9. 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 Finance 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.

**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. <i>Cross reference to entry in the accounts where applicable.</i>

**DEBT MANAGEMENT RECORD**

Communication is identified as verbal or written. Notes are to include 1<sup>st</sup> reminder, 2<sup>nd</sup> reminder and any agreed action.

Child's Name:			Class
Date	Communication	Outstanding debt	Notes

**PAYMENT PLAN AGREEMENT**

**Child's Name:**

**Year**

**Parent / Carer  
Name**

I agree to pay the outstanding debt of £                      in instalments of £                      per week until the debt is settled.

**Signed**

**Date**

**Date:**

**Amount Paid:**

**Balance:**

**Notes:**